

# OLDER AMERICANS IN THE NATION'S NEIGHBORHOODS

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HEARING  
BEFORE THE  
SPECIAL COMMITTEE ON AGING  
UNITED STATES SENATE  
NINETY-FIFTH CONGRESS  
SECOND SESSION

PART 1—WASHINGTON, D.C.

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# OLDER AMERICANS IN THE NATION'S NEIGHBORHOODS

FRIDAY, DECEMBER 1, 1978

U.S. SENATE,  
SPECIAL COMMITTEE ON AGING,  
*Washington, D.C.*

The hearing convened, pursuant to call, at 9:13 a.m., in room 5302, Dirksen Senate Office Building, Hon. Dennis DeConcini presiding.  
Present: Senator DeConcini.

Also present: William E. Oriol, staff director; Garry V. Wenske, assistant counsel for operations; Letitia Chambers, minority staff director; Philip S. Corwin and Alan Dinsmore, majority staff members; Jeffrey Lewis, minority staff member; Shirley Wilson, office of Senator DeConcini; Marjorie J. Finney, operations assistant; Alice Hamlin, resource assistant; and Kaye English, information assistant.

## OPENING STATEMENT BY SENATOR DENNIS DeCONCINI, PRESIDING

Senator DeConcini. Ladies and gentlemen, this is the opening hearing of the Senate Special Committee on Aging, Frank Church, chairman. I bid you good morning and welcome to the witnesses we have today and also to the hearing audience.

Today, the Senate Committee on Aging holds its opening inquiry into the subject of neighborhoods and the elderly. Our examination takes place in the firm belief that America's elderly, more than any other group in our society, have the greatest need for strong and stable neighborhoods—and may have the most to lose if they are forced to reside in blighted areas characterized by substandard housing, inadequate public services and commercial activity, and high levels of arson and street crime.

Older persons—so many of whom live on low, fixed incomes, have physical limitations, and develop strong psychological needs for secure and familiar environments—require the good housing; the ease of access to shopping, health care, and social services; and the informal support and assistance that can be summed up in the word “neighborliness.”

It is clear that healthy neighborhoods are a prerequisite for healthy cities. And, at a time when renewed interest and new capital is conserving the physical resources of neighborhoods, equal attention must be paid to their human resources.

We are beginning these hearings at a moment marked by a clear shift in the dynamics of America's urban areas. The problems of the past have certainly not disappeared. Nor should it be mistakenly

thought that the problems, assets, revitalization trends, and characteristics of all neighborhoods or all cities are alike. Nonetheless, a new stage appears to have been entered, for these reasons, among others:

No. 1: The 1978 Housing and Community Development Amendments declare it to be Federal policy that, in carrying out shelter and revitalization policies, the utmost care should be taken to minimize the displacement of persons from their homes and neighborhoods. Further, the HUD Secretary is ordered to report to the Congress, by January 31 of next year, her recommendations on the formulation of a national policy to minimize displacement due to public and private redevelopment activities.

No. 2: Mr. Rolf Goetze, of the Boston Redevelopment Authority, speaks in his 1977 study, "Stabilizing Neighborhood," of a "tidal wave" of new households which will inundate our urban areas and bring all their housing resources into play during the remainder of the century. He goes on:

For policymakers, the implications should be clear. The last 20 years can be characterized as the period when problems of urban blight caused stress; and the coming 20 years as the period of rediscovery, speculation, and dislocation \* \* \* we must realize that coming events can bring with them a full measure of trauma, particularly for existing residents.

Yet these new trends offer cause for hope as well as concern for, as Dr. Goetze observes:

Revitalizing neighborhoods offers an unprecedented opportunity to maintain diversity if appropriate public policies are pursued.

No. 3: An August 1978 study by the National Urban Coalition found that a group dubbed "the new urban nomads" was being created by reinvestment displacement in 44 American cities, of all sizes and in all regions. Of great concern to this committee is the coalition's finding that, "The elderly are most often displaced."

No. 4: The cover story in the December 1978 Harper's asserts:

1978 \* \* \* was the year the Northern cities confounded the prophets of inner city doom \* \* \* from Boerum Hill in Brooklyn to Capitol Hill in Washington the fastest growing social problem was not the departure of the white middle class; it was the displacement of the poor and nonwhite.

This same article goes on to report that domestic and foreign investment is pouring into America's urban centers; Federal programs have contributed to these events in ways that few policymakers ever foresaw.

Clearly, the implications of these, and many other reports, are more than academic matters for older Americans.

More than half of America's elderly reside in urbanized areas; a full one-third reside in central cities.

For the 7 out of 10 older Americans who own their own home, will these changes bring enhanced equity, better municipal services, and lowered crime on the streets?

Or will it bring agonizing choices as speculation results in skyrocketing property taxes, or even in displacement as code enforcement is stiffened? For the 30 percent of the elderly who rent, will escalating prices or condominium conversions force them out of long-occupied dwellings and into more affordable, but less desirable, parts of the city?

In short, as many urban commentators have recently inquired: If America's cities are to be saved, who will they be saved for? How can we continue to maintain the diversity of age, economic status, and ethnic background that are drawing so many of the urban pioneers back into the hearts of our metropolitan areas?

This is the essential question of today's hearing, for if the elderly are forced to compete head to head with others for continued occupancy in good neighborhoods, they will surely be forced out from the communities they have helped create.

We will be looking for our panel today to help us answer many questions, among them:

How much is known about the extent of displacement in America's urban centers and its specific impact on the elderly?

In what ways are older persons benefiting from the revitalization of our cities?

How have Federal programs affected neighborhoods? What are our national neighborhood policies now, and how do we address the future?

What innovative efforts are today helping older homeowners upgrade and keep their properties, are helping elderly renters to stay in place and even to become homeowners, and can be replicated and transplanted to other neighborhoods?

What positive role can the private sector play in helping to maintain healthy and diverse neighborhoods?

How can aging services be better targeted and utilized to become an integrated support system within a community?

In coming months the committee will conduct hearings and field trips in diverse American communities to continue our search for full answers to these inquiries.

In order to best tap the knowledge of today's witnesses, our hearing will be in a roundtable format. Each witness will be asked one or two questions after delivering a brief summary of written statements already received earlier by this committee. We ask that that be kept to 5 minutes. Then we will move on to the next witness, and at the conclusion we will enter a full discussion during which the witnesses will be free to exchange comments as well as respond to questions from the Chair.

At this time our first witness will be Richard C. D. Fleming, Deputy Assistant Secretary for Neighborhoods, Voluntary Associations and Consumer Protection, Department of Housing and Urban Development.

**STATEMENT OF RICHARD C. D. FLEMING, DEPUTY ASSISTANT SECRETARY FOR NEIGHBORHOODS, VOLUNTARY ASSOCIATIONS AND CONSUMER PROTECTION, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Mr. FLEMING. Thank you, Mr. Chairman.

I welcome this opportunity to speak to the committee this morning about the relationship between urban revitalization and the displacement of our Nation's elderly population. I would like to also mention several HUD programs and policies which are directly benefiting senior citizens and are to that extent discouraging displacement of the elderly.

As is well known, displacement in urban neighborhoods refers to situations in which individuals and families are forced to leave their current housing without opportunity to secure alternative affordable and adequate housing. Because neighborhoods are continually changing and because governmental programs tend to focus upon specific mechanisms which either help or unintentionally worsen displacement, disagreement remains on ways in which the phenomena may be adequately responded to by public policy as your opening remarks certainly suggest. In general, however, most observers agree that displacement is occurring in neighborhoods undergoing:

#### DISINVESTMENT

A condition marked by the lessening or absence of essential services, the physical deterioration of both housing and the neighborhoods as a whole, or the continued reduction in the economic viability of the area's properties, which may lead to the eventual abandonment of the whole neighborhood; or

#### REINVESTMENT OR REVITALIZATION

The conscious effort of public and private entities to direct financial resources into selected neighborhoods, which can result in rising housing costs and/or rising property taxes, which in turn make the occupants unable to afford to remain in the area and make properties more attractive to higher income households.

From discussion with neighborhood groups, lenders, community organizers, and advocates for the elderly, and in reviewing some of the very recent literature on displacement both within and outside of HUD, it appears that elderly homeowners and renters are primarily affected by speculation and its resulting displacement and condo-conversion. Yet, while we know much is happening, we do not have documentation of the problem and its unique impact on the elderly, a need which both HUD and local government can work jointly to resolve. In fact, HUD's Office of Policy Development and Research notes that, the popular press and political debate notwithstanding, little precisely is really known about the displaced elderly: who they are, where they go, models of the process, nor methods for controlling that process.

For example, while the upgrading of the Mount Adam's area was of great benefit to Cincinnati, we do not know the extent to which elderly homeowners sold their homes only to find it extremely hard to buy elsewhere due to lack of knowledge about the real estate market. Nor do we know the extent to which elderly renters were forced out by rehabilitation and consequent rising rents. In the "new" neighborhoods, oldtimers and recent arrivals have yet to coalesce; no one even is sure if the percent of oldtimers remaining there is 15 to 40 percent.

On the other hand, Washington, D.C., has a large number of apartment buildings being converted to condominiums—having experienced a greater than 500 percent rise in permit requests in just the last 2 years, particularly in the upper Northwest area, because of rent controls, skyrocketing housing values, and population shifts to a younger, more affluent group. Most displacees in the Northwest are elderly people who cannot afford to buy an expensive condominium or who may

not want to put their life savings into such an investment. Where are they going? Is this a national phenomenon? We do not precisely know. At least one study, however, notes that displacement has "disproportionate impact on the elderly in working class areas which have undergone past attempts at traditional renewal \* \* \* or at the fringes of areas currently being gentrified"—a word which I find somewhat repugnant, but it is in the quote. Elderly renters are the last to go since homeowners can generally get relocation assistance.

Let me note briefly some of our current efforts which affect the elderly and how they may assist revitalization, lessen displacement or help those displaced.

In the section 202 housing for the elderly program over 340 projects have been built under the 202 program during the last 20 years. About 26,300 units have started construction since fiscal year 1976. During fiscal year 1978 some 20,000 additional housing units received fund reservations in this program. These projects tend to stabilize older neighborhoods, particularly local shopping areas, and have been a boon to residential areas due to the general feeling and the recognition that elderly people make good neighbors. Additionally, the program specifically requires any persons displaced by a 202 project to be relocated in adequate and affordable housing.

#### COMMUNITY PLANNING AND DEVELOPMENT PROGRAMS

While existing HUD policy is to prevent or minimize displacement which might be caused by HUD programs or local activities, some displacement is inevitable as part of the urban revitalization process. In the case of rehabilitation, for example, temporary relocation is often required because of the nature of renovation. Community development block grant applicants must develop a strategy and describe actions they will take to directly or indirectly assist persons displaced by the community development program to remain in their neighborhoods, when they prefer, and to mitigate any adverse effects resulting from block grant funded activities.

Beyond that, Mr. Chairman, I would like to note a project which I think the committee would be most interested in and may want to study in the course of its hearings. It is funded through innovative grant funding under the block grant fund. Secretary Harris chose under her discretionary money to fund a very imaginative project in the city of Savannah, Ga. Those familiar with neighborhood revitalization are perhaps familiar with the historic preservation efforts that have gone on in the city of Savannah.

Under this innovative grant, HUD has seeded a program to undertake the renovation and rehabilitation and historic preservation of the historic Victorian district in Savannah. The unique aspect of that renovation, however, is an emphasis through a nonprofit corporation which is actively involving the private sector in the city and the community itself in preserving a substantial number of those units that are going to go through preservation for low and moderate-income people—a very ambitious project and one which to date is moving on a very successful basis.

## THE SECTION 312 REHABILITATION PROGRAM

The rehabilitation program is of significant use in restoring older housing in deteriorated condition. We estimate that about 20 percent of all 312 loans have been made to elderly homeowners, allowing them to make repairs they would not otherwise be able to make, and by doing so, helping them remain in their homes.

As the chairman is no doubt aware, recent action by the Congress has made the program more conducive to neighborhood revitalization by extending the amount we put into any single house from \$17,000 to \$27,000 per unit. The fiscal year 1978 program of about \$85 million has been dramatically increased as part of the President's urban policy initiative to \$230 million for fiscal year 1979, thereby allowing for greater participation in this program.

Next, the neighborhood strategy area program is a relatively new concept of HUD. This new program makes funds available, in the form of rent subsidies, to tenants, many of whom live in small rental properties in selected target areas. This program, which has 38,000 housing units in it, is beginning in 117 neighborhoods. These funds will trigger revitalization of the target areas as houses and apartments are improved. Yet, by subsidizing the remaining rental costs of low and moderate income people who pay more than 25 percent of their income for rent, such individuals, many of whom are elderly, are able to remain in their homes, even as values and rents in the neighborhood begin to rise. It is a very important initiative that we are going to be watching closely in those 117 neighborhoods as indications of future directions of how we encourage cities to use other types of urban revitalization money.

The next program is also a relatively new initiative; the urban development action grant program. Funds from the urban development action grant program can be used to attract private sector investment to carry out a variety of commercial- and neighborhood-based revitalization activities such as attraction of industry, construction of new housing, and improving commercial physical plants. Many cities have innovatively packaged a number of these approaches.

To date, Mr. Chairman, some \$491 million of action grant money has been awarded to cover 200 cities, and with the objective of leveraging private money I can report to you with enthusiasm that nearly \$3 billion of private reinvestment has been triggered by that \$491 million of action grant money. That is nearly a 6 to 1 ratio.

For example, one neighborhood in Newark, N.J., used \$400,000 in urban development action grant funds to attract over \$2 million in private funds for low and moderate income, new and renovated, housing as well as a shopping center and a vitally needed supermarket in an area sorely lacking shopping and other amenities. Many of the 95-percent-plus minority residents of this locale are elderly.

The neighborhood self-help program: This program is fostering self-help activities for neighborhood development organizations in which staff and residents work to fight blight and restore both the social and economic health to their neighborhoods, thus enabling the residents to remain. While these organizations are not generally exclusively elderly oriented, their activities can and do assist elderly neighborhood residents. For example, in a recent contract awarded by

Secretary Harris, the Fillmore-Leroy Area Residents, Inc., of Buffalo, N.Y., received \$115,000 to develop a home repair industry which will provide low-cost assistance to low-income and elderly residents in making necessary improvements to their dwellings in a 55-square-block section of the city. This was one of 21 such contracts made directly to community-based organizations utilizing community development bloc grant money.

Congress very recently passed two very critical pieces of legislation, a \$30 million authorization over the next 2-year period for the Neighborhood Self-Help Development Act and a \$15 million authorization over the next 2-year period for the Livable Cities Act of 1978, both of which will be key tools in the self-help area.

The final two areas I would like to touch on are housing counseling and public housing. Under the housing counseling program, private and voluntary HUD-approved housing counseling agencies assist current and prospective renters and homeowners by providing advice on a variety of housing matters. A significant proportion of clients seeking assistance through agencies providing HUD housing counseling are low-income persons, many of whom are elderly people who need help in managing their financial affairs and in finding suitable and affordable housing to either rent or purchase and matching them up with the housing resource programs. This has been made a cornerstone of the housing policy and the program will increase in 1979 by over 100 percent in funding money.

Public and subsidized housing: Since the beginning of the public housing program in 1934, 1,308,810 housing units have been put under contract as of January 1, 1978. Public housing represents the largest single governmental resource available for housing older persons and at present about 40 percent of the units occupied in public housing have elderly residents. Public housing, which gives priority consideration to persons directly displaced by governmental activity, is probably the largest single resource available to the Government for persons requiring relocation.

This administration has recognized the urgency of housing needs for our senior citizens. For example, in fiscal year 1978, we approved fund reservations for 108,157 subsidized housing units under the section 8 new, rehabilitated, and existing programs. This amounted to 42 percent of the total section 8 fund reservations.

Additionally, we hope not to repeat the planning mistakes that we all learned in urban renewal in the 1950's and early 1960's in which massive blocks of decaying residential and commercial structures were razed, and the residents relocated—only to have such “neighborhoods” replaced, in many instances, by concrete jungles in which people worked during daylight hours but did not inhabit at night.

One thing, however, is clear: We in HUD must view all our programs as interrelated parts of a total planning and resource process in a community or neighborhood and not as a series of unrelated and discrete program options.

Mr. Chairman, I want you to know that we are sensitive to the issue of displacement and to revitalization and to the way both affect low- and moderate-income residents in our urban neighborhoods. HUD hopes to develop more neighborhood based partnerships with local

government and foundations to more adequately address stabilization of older neighborhoods and specifically deal with this problem this committee is addressing—displacement.

We hope to create within HUD, within the Office of Neighborhoods, a capacity to deal systematically and institutionally with the key participants and partners of the urban revitalization process with city government and the Federal agencies, with the private business and foundation sector, and with the community and neighborhood groups themselves in the context of an urban process that we are pursuing as part of the Carter urban policy. We hope to develop, in conjunction with other agencies, a better data base on displacement and on the degree to which the elderly, in particular, are affected but we cannot wait for that data base nor are we waiting for that data base.

We recognize the problem exists and we are acting on it. Perhaps the housing assistance plans under the community block grant program would be one tool with which HUD could more effectively integrate planning for the Nation's housing needs. We are taking a hard look at the housing assistance plans as they presently are called for. Certainly for these hearings and future efforts of like nature we will learn much about how the elderly are affected by displacement. Given this information, I hope we can find some HUD policy and other agency policies to deal more successfully with revitalization and displacement.

Mr. Chairman, this concludes my remarks. I would be pleased to respond to your questions, and I am looking forward to having the opportunity to participate with the distinguished members of the panel.

Senator DECONCINI. Thank you very much, Mr. Fleming.

Let me introduce Phil Corwin on my left, who was instrumental in planning these hearings for the committee; and Jeff Lewis on my far right, representing the minority staff; and also Shirley Wilson of my personal staff. They will join in asking questions.

Also, I am advised that Ruth Braver of the Urban Elderly Coalition is with us. Ruth, thank you for being here to represent that fine organization.

For future witnesses, when 5 minutes pass, I am going to hold up a yellow sheet like that to let you know so you can bring your remarks to a conclusion. I don't want to exclude anything important, but if you can summarize your statements, it would help.

Mr. Fleming, the first round of funding for the action grant program has been criticized by some as concentrating too much on downtown commercial projects as being too similar to the urban renewal activities of the past. As you note, that created many concrete jungles. What steps has HUD taken to see that a fair share of UDAG's money goes to neighborhoods?

Mr. FLEMING. This is a concern of the Secretary as well, Senator. As you are aware, the legislation indicates the objective of a reasonable balance between projects that are located in neighborhoods, commercial projects and industrial projects, and I suppose two responses. First of all, in terms of encouraging cities which are the applicants under these programs, the city decides what type of project it will apply for. The Secretary has actively encouraged mayors to bring in neighborhood-based projects, projects which involve job creation, and

private sector leverage in neighborhoods. The legislation for the action grant places a great deal of emphasis on private leverage and on the creation of private sector jobs. I suppose the thing that we are finding in the early stages of the action grant program is that the state of the art is much more conducive to commercial downtown development projects in terms of quick startup projects that have the funds for planning and the necessary predevelopment activities done.

I think we are experiencing that sort of gap in the pipeline, if you will, that had built up over the years, but we didn't have the capacity at the Federal level to respond to the major developmental needs of cities in their downtowns, and we certainly don't minimize the importance of the projects that are being funded in the downtown. What the Secretary has done in choosing projects which are fundable that are located in downtown, played a very heavy litmus test—that these projects do not involve displacement, do not involve massive relocation. It has been a major consideration in our considerations to fund or not fund major projects even when they were located in downtowns.

On the neighborhood side of the issue, we have taken a number of steps because we are not seeing the projects coming in on their own. We have undertaken in the last 6 months a number of neighborhood technical assistance activities, some of which deal with cities, some of which deal directly with community-based organizations, nuts-and-bolts kinds of workshops on how to put a project together. We certainly are interested in the content of the self-help development program and other neighborhood activity programs to reinforce that emphasis that the Secretary is trying to give to the program.

We have seen from the first round a very sizable increase, though, in the amount of money going into neighborhood projects, a very substantial turnaround from the April funding to the July funding, for example, where it almost completely reversed itself. It was \$96 million for downtown projects in the first round and \$26 million in neighborhood projects. In the second round, those two amounts were almost equal to one another, and that, I think, was the result of the message that the Secretary had conveyed to the cities.

Senator DECONCINI. Thank you.

Mr. Corwin?

Mr. CORWIN. Mr. Fleming, some of those who have studied urban policy have asserted that, due to the timelag between the perception of a national urban problem and the creation of the Federal response, and due to the practical difficulties of truly targeting and fine-tuning programs, that we often are spending—I think it is now about \$80 billion in total aid that goes to the cities. We are dispensing this money and yet failing to really respond to the social problems of today and of the future. I would like to know not only how you respond to that assertion, but I would like to know if the administration believes that there are significant portions of that \$80 billion which could be better utilized to help cities. How do we in Congress formulate a policy to make sure that we are not spending next year's dollars on last year's problems?

Mr. FLEMING. First of all, I assure you that we have plenty of this year's problems around as well as last year's, but your point is well taken. I think it is implicit in the urban policy position that the President announced in March. It was significant that the urban policy that

President Carter announced was not simply an articulation of new program initiatives. Certainly there were a number of key program initiatives that the President has presented Congress, certainly many of which have been favorably acted upon by Congress by a major element.

The urban policy that the President emphasized was that figure that you cited—\$80 billion is going to State and local governments today. That is double the amount that went to State and local governments in 1964. It is still not enough money against an array of needs, certainly.

Mr. CORWIN. I know that the President did note that inability, but I think within that \$80 billion—is all that being really directed toward the problems of today, and the problems that are coming up, given the changing urban scene?

Mr. FLEMING. What I was about to say, in noting that \$80 billion figure—this is my point—the President said we have got to do a better job of managing the resources that we already have and for that reason the administration now, by virtue of the Executive order that the President issued subsequent to the urban policy, does a very rigorous examination of what is called an urban impact analysis of every new program that we enact. As part of that process, we went back through over 150 basic programs that deal with domestic assistance with the litmus test with the objectives that we have articulated, such as the area of greatest need, the people of greatest need, encouraging self-help.

Those programs—either with the way they are managed, with the way they are proscribed, the statutory way they are regulated—how are they meeting those objectives? Major changes have been made and many other changes will be made. There is certainly a recognition that one of the major resources that we have is the more effective management of the program resources that are available to domestic needs.

Mr. CORWIN. Thank you.

Senator DECONCINI. Mr. Lewis?

Mr. LEWIS. Mr. Fleming, can you give me some indication of what HUD's policy would be and, if possible, what the administration's thoughts on the neighborhoods will be, particularly with the emphasis on the elderly?

Mr. FLEMING. I think it is significant that with the advent of the administration of President Carter and specifically Secretary Harris of HUD, that we had created for the first time to my knowledge an Office of Neighborhoods within the Department of Housing and Urban Development. Where we are headed in terms of neighborhood policy is to try to broaden the relationship that we have developed with a very wide network of community-based organizations—neighborhood organizations who are engaged in neighborhood revitalization—and to broaden that network to include the mayors whom we deal with in our programs and with the private sector whom we have traditionally not dealt with on an institutional kind of basis. We have dealt with them on a program kind of basis.

To answer your question, I think the bottom line of where we are going in terms of your neighborhoods policy is to attempt to try to put some flesh on the skeleton that is alluded to in the urban policy about a partnership between the public, private, and community sectors.

Developing that agenda, I suppose, is going to be the major objective for HUD's neighborhood policy in the months and even years ahead.

Mr. LEWIS. Thank you.

Senator DeCONCINI. Thank you.

Our next witness is William Whiteside, Staff Director, Urban Reinvestment Task Force, Neighborhood Housing Services, Federal Home Loan Bank Board.

**STATEMENT OF WILLIAM A. WHITESIDE, WASHINGTON, D.C.,  
DIRECTOR, OFFICE OF NEIGHBORHOOD REINVESTMENT, FEDERAL  
HOME LOAN BANK SYSTEM, AND STAFF DIRECTOR, URBAN RE-  
INVESTMENT TASK FORCE**

Mr. WHITESIDE. Thank you, Mr. Chairman. The Urban Reinvestment Task Force is made up of the Chairman of the Federal Home Loan Bank Board, the Chairman of the Federal Deposit Insurance Corporation, the Comptroller of the Currency, a Governor of the Federal Reserve System, the Administrator of the National Credit Union Administration, and the Secretary of HUD. The work of the task force will soon be subsumed by the National Neighborhood Reinvestment Corporation which will have the same individuals who serve on the Urban Reinvestment Task Force as its board of directors, and the first chairman of the board of directors will be Robert McKinney, the Chairman of the Federal Home Loan Bank Board.

The major thrust of our work which began about 8 years ago in the Federal Home Loan Bank Board has been to replicate a model of our revitalization program called neighborhood housing service. It is a very careful, small-scale effort which involves us in spending individual staff time in a city and assisting that city in putting together a local partnership of community residents, city officials, and representatives of financial institutions.

Our role is basically an educational one. We put about a person-year of staff time into the development of each NHS program. Residents of the neighborhood in which the program operates participate actively in the program—they really take the lead in the program.

The board of directors of the NHS is made up of about equal numbers of residents and financial institution representatives, with the residents having a numerical majority on the board. This is only appropriate because in the long run it is the homeowners themselves who are putting up a substantial proportion of the reinvestment. Even if we make loans available, residents pay them off and so it is their investment in the neighborhood that counts.

In the neighborhood housing services program, residents serve on the board of the NHS and on the committees. They get out in front of the program by notifying fellow residents of the availability of NHS services, working house by house and block by block to educate the neighborhood as to the potential that exists in the program.

Local government is involved in the program as well; it has a number of specific roles to play as a partner. One of the things that we discovered is that as disinvestment occurs in the neighborhood, local government has typically disinvested along with the other parties. There is work to be done on the service levels and on public improve-

ments, such as streets, curbs, gutters, street lights, recreational facilities. Also, for the program to move forward with real momentum, a systematic inspection program is important. For the systematic inspection program to be acceptable to the residents, it has to be flexible, it has to be sensitive to their needs, and it has to be focused on minimum health and safety standards so a hardship is not imposed upon a resident homeowner in bringing their home up to the minimum housing maintenance code of the community.

We discover that local governments have the ability to be flexible and sensitive in applying the housing code. Oftentimes, they don't know it until it is pointed out. A dialog between neighborhood residents and local government is necessary to satisfy each that this partnership, and the housing inspection program, can work and can be acceptable to the community. The dialog is also necessary to focus public improvements on things that are needed and appreciated by the residents.

The third component of the partnership includes the financial institutions. The task force has been very important to us in our ability to involve savings and loans, commercial banks, and credit unions in the NHS program, not in the way of coercing their involvement but in the way of getting their attention and letting them know that their regulators are highly in accord with the program.

The financial institution representatives have a very special role. They make a major contribution to the management quality of the program and they bring a sense of financial responsibility to the management of the program which is extremely important to a neighborhood-based program. They serve on the Board, they serve on committees. They, along with the residents, put thousands and thousands of volunteer hours into each NHS to make the program work. In addition to that, they make normal bankable loans to neighborhood residents who meet their normal underwriting criteria. The first reaction to that is, "big deal," they are supposed to be making those loans.

The reality is that the neighborhoods in which NHS operates have had very few loans made over the years so these loans have a major impact. The major amount of dollars that flow into the neighborhoods over the years, will be in the form of normal mortgage money, and normal home improvement loans.

Our estimate of the total amount of reinvestment taking place as a result of our efforts since the beginning is about \$100 million. Of that, by far the lion's share is loans made by private financial institutions. A new partner is entering the program now along with the financial institutions—the insurance industry. We are working with a group of insurance companies in regard to their participating in the NHS partnership, writing insurance coverage in the neighborhood, and contributing to the operating budget of the NHS program, which is by and large supported totally by voluntary tax deductible contributions of the financial institutions involved.

A revolving loan fund is available to make loans to residents who don't meet the underwriting criteria of the private institutions. These are loans that are made at totally flexible rates and terms. You start with the improvements needed and the financial ability of the homeowner and work backward to a rate and a term the homeowner can handle.

Frequently for an elderly resident this will be just a token payment on a very long-term loan that we know is going to exceed the borrower's life expectancy but a lien placed on the property guarantees the loan's eventual repayment. The homeowners get their home brought up to minimum health and safety standards. They have a place to live out their years. Their block is improved, which means the values for everyone on the block are improved, and it becomes a very worthwhile investment even though the revolving loan fund will earn little or no interest, and receive very little in principal payments during the lifetime of that homeowner.

The revolving loan pool derives its funds from the task force, foundations, other business groups, and community development block grant funds provided by the local government. Neighborhood housing services manages the revolving loan fund.

Finally, an important element of neighborhood housing services is its highly trained professional staff that counsels homeowners, that works with them in a very sensitive personal way in helping them meet their needs. I should mention that there are now NHS programs active in 63 cities serving 75 neighborhoods and we have 24 others in development. In addition, we are assisting a number of NHS programs to expand to additional neighborhoods in the city in which they are currently operating.

We have not maintained specific records with regard to the proportion of elderly clients which the NHS programs serve. We know that a major proportion of the NHS clientele is over 55 years of age and in many programs in which such records are available, we know that half or more of the number of the loans that are made are to elderly residents. We know that a large proportion of the clients who receive the total panoply of services that an NHS offers, including the financial counseling and construction counseling, are elderly as well and riding herd on the construction until it is finally complete so that you know the contractor did the job according to specifications, all of the kind of hands-on work to make sure that the client gets what they need in the way of rehabilitation. A great deal of that is done for elderly clients in the NHS neighborhood.

In my written testimony I have detailed a number of case studies, case situations of how the elderly have benefited from the NHS program. I won't go into that now but I would like to touch on two efforts that we have undertaken which are having an effect on displacement.

One of these is we have been able, in cooperation with a HUD set-aside of section 8 allocations, to target on neighborhoods where rehabilitation activities might tend to displace tenants. Here we selected 18 cities around the country that have a substantial number of tenant-occupied structures in the neighborhood. In these neighborhoods, when a home is improved, and the landlord has invested considerably in the property, and needs a higher rental return on the property, the NHS Director can take the landlord and the tenant to the local housing authority, and if the tenant qualifies for section 8, obtain a subsidy to enable the tenant to continue living in that residence and continue living in the neighborhood.

I know a number of the witnesses will be commenting on the degree to which the infrastructure of the neighborhood supplies a life sup-

port system for the elderly which can really be damaged if by economic or other circumstances they are forced out. I won't take the time to go into that, but I will say that NHS makes a major effort not to disturb that neighborhood relationship; to allow the individual who desires to remain in the neighborhood to do so.

In the Baltimore NHS program—which members of your staff were able to tour with me recently—they have developed a very exciting home ownership development program which we are getting ready to make available to NHS's around the country. We have assisted the Bridgeport NHS in getting such a program underway, and we are working with the Philadelphia program on a pilot basis. This is, in effect, a management of the reinvestment process in a neighborhood where displacement is possible.

To give you an example of the numbers involved in the first year in Baltimore. I might point out that NHS enabled 210 absentee owners to sell their homes to resident owners in the Baltimore neighborhood. Of those 210 sales, 152 involved individuals who were tenants in the neighborhood; 58 of the sales took place to individuals who are moving into the neighborhood from the outside.

Senator DeCONCINI. I am sorry, we are going to have to bring this to a conclusion so we can get to the other witnesses.

Mr. Whiteside. May I conclude the sentence?

Senator DeCONCINI. Yes.

Mr. Whiteside. I will use a lot of commas.

The NHS staff managed this process in that it marketed the more expensive homes, or those requiring more rehabilitation, buyers with higher incomes moving in from outside the neighborhood, and marketed the lower cost homes and the homes that needed minimum rehabilitation to the residents who were already tenants in the neighborhood.

With that I will conclude my remarks and be delighted to answer questions.

[The prepared statement of Mr. Whiteside follows:]

#### PREPARED STATEMENT OF WILLIAM A. WHITESIDE

Mr. Chairman, my name is William A. Whiteside, and I am Director of the Office of Neighborhood Reinvestment of the Federal Home Loan Bank System and Staff Director of the Urban Reinvestment Task Force. The Urban Reinvestment Task Force is made up of the Chairman of the Federal Home Loan Bank Board, a member of the Board of Governors of the Federal Reserve System, the Chairman of the Federal Deposit Insurance Corporation, the Comptroller of the Currency, the Administrator of the National Credit Union Administration, and the Secretary of the U.S. Department of Housing and Urban Development.

The Neighborhood Reinvestment Corporation Act recently signed by the President (title VI, S. 3084), continues and expands the work of the Urban Reinvestment Task Force through the creation of the Neighborhood Reinvestment Corporation. The Task Force members serve as the Board of Directors of this public corporation. Robert H. McKinney, Chairman of the Federal Home Loan Bank Board, has been designated as the first Chairman of the Board of Directors of the Neighborhood Reinvestment Corporation.

The major thrust of the Task Force's work to date has been in the establishment of Neighborhood Housing Services programs. These programs are private, locally controlled, locally funded, nonprofit corporations which offer comprehensive housing rehabilitation and financial services to neighborhood residents. NHS programs are based on a strong local partnership of community residents and representatives of local governments and financial institutions. The Urban Reinvestment Task Force conducts a local educational process in developing NHS and other neighborhood preservation programs across the country.

Neighborhood Housing Services programs work to reverse deterioration in locally selected neighborhoods. The five key elements of the NHS program are:

(1) Organized residents of the neighborhood who want to improve their homes and their community and who will help create a positive improvement climate in the neighborhood and support the program by actively serving on boards and committees.

(2) Strong local government involvement in developing and implementing the program; providing improved services and capital improvements in the neighborhood; establishing a sensitive and systematic housing inspection program.

(3) Financial institution executives who agree to invest in the neighborhood by making loans at market rates to all homeowners who meet normal underwriting criteria; who agree to make contributions to the NHS to meet operating costs; and who actively participate on boards and committees during developments and operation of the program.

(4) A revolving loan fund designed to provide loans to NHS clients who cannot meet commercial credit requirements. The fund is set up as a self-help tool of the neighborhood, offering loans with repayment terms which fit the financial capability of the borrower.

(5) An operating program with a private, tax-exempt status, governed by a board of directors made up of neighborhood residents and financial institution representatives, and administered by a small professional staff. The staff (usually three persons) offers rehabilitation counseling, construction monitoring services, financial counseling and referral and other housing rehabilitation-related services to residents of the neighborhood.

NHS programs are now in operation in 71 neighborhoods, located in 60 cities, and task force staff members are currently developing 24 new programs, and assisting 3 of the earlier programs add one or more neighborhoods.

The most important point I can make about NHS is that it involves the current residents and it is oriented toward preserving and improving the neighborhood for them. Furthermore, we are dealing with working class neighborhoods of primarily modest, owner-occupied homes, and have not seen any of them become fashionable (or subject to "gentrification") as have, for example, Georgetown and Capitol Hill. Therefore, our experience has not included any significant degree of displacement of minorities, the poor or the elderly. In fact, NHS programs appear to offer a strong defense against displacement as the "back to the city" momentum grows.

That Neighborhood Housing Services seeks the preservation and improvement of neighborhoods for existing residents is of particular importance to the elderly. Most elderly residents have lived in their current place of residence for many years, in homes which form the very center of their lives. It has been our experience that elderly neighborhood residents desire to remain in the home, and community, in which they have formed enduring bonds. Despite this desire, however, many live on low, fixed incomes and find it difficult to bear the increasing costs of home maintenance and repair.

The revolving loan fund which derives its funds from the Task Force, foundation, local businesses and local government community development block grants, has proven to be particularly beneficial to elderly homeowners. Clients who wish to improve their homes but who cannot meet normal lending institutions' underwriting criteria, make application to the NHS for a loan from the revolving loan fund. The loan committee of the board of directors assesses the application, and in making the loan, tailors the terms to fit the ability of the borrower to repay.

Many NHS directors have reported that a significant proportion of the recipients of the revolving loan fund are persons over 65 years of age. (For example, in Cincinnati and Dallas over half the recipients of this fund are elderly residents.) Access to the revolving loan fund has enabled many elderly homeowners to remain in their neighborhoods, in a safe and sanitary home, with their life support systems intact, who would not otherwise have been able to do so.

Many elderly borrowers receive loans of longer term than their life expectancy, but a lien on the property insures that the loan will be repaid when the property changes hands. The Merriam Park NHS in St. Paul, Minn., for example, made a 73-year-old woman a 12-year loan, a 70-year-old man a 14-year loan, while another 70-year-old resident received a 25-year loan of \$3,500.

When Neighborhood Housing Services began operating in the Merriam Park community, many elderly residents were reluctant to take advantage of the

program and place themselves in debt. Now that the St. Paul NHS has been in operation for 3 years and a real sense of trust has developed between NHS staff and the neighborhood's elderly residents, they have spread the word to friends and neighbors and become NHS's most vocal "salesmen."

The nonbureaucratic approach characteristic of Neighborhood Housing Services programs has enabled its staff to cultivate close working relationships with community residents, and to respond to not only the technical needs, but also the psychological needs of the elderly. Typically, elderly homeowners have been fearful and distrustful of city inspectors. Understanding the significance which the home holds for the elderly, NHS staff have been successful in their efforts to ease the tense relationship between city officials and elderly residents. NHS programs have brought about a dialogue between residents and local government, which has enabled the housing code to be a flexible, sensitive tool for neighborhood improvement. Some nonessential code elements have been relaxed, while other safety/health related codes (such as stairrails, electrical wiring systems, etc.) are now subject to more stringent inspection and enforcement. NHS conducts block meetings prior to inspections, and informs residents of NHS services and the revolving loan fund at the same time inspection notices are delivered.

NHS encourages elderly homeowners who are able to maintain independent life styles to do so. Others who, because of poor health or severe disability, are unable to live on their own, have been assisted in securing alternative living situations—where possible in their current communities. In one instance, the Chicago NHS discovered an elderly couple who were in need, not only of home improvements, but of immediate medical attention as well. They were taken to a local hospital, given emergency food assistance, medicare and food stamps. Recognizing that the couple could no longer cope with the daily problems of maintaining a home, NHS granted them a loan from the revolving loan fund so they might rehabilitate their property and place it on the market for sale, and worked with the Department of Housing Services to place the couple in a senior citizens housing project.

When NHS incorporated itself in Buffalo, New York—a neighborhood in which 32 percent of the residents are retired heads of households—the staff discovered that many older persons were determined to sell their homes because of fear of street crime and vandalism. The Buffalo NHS encouraged residents to remain in the community and to work towards improving the quality of life in their neighborhood. NHS initiated and funded a security program which services neighborhoods both within and beyond the target area included in the NHS program. NHS installed free deadbolt locks to protect residents from intruders, and free handrails to provide the elderly with greater mobility within their own homes. This program serviced at least 1300 households. In addition, Buffalo NHS worked to improve police protection in the community as well as to provide home improvement loans and counseling. Many elderly residents (especially widows living alone) who had initially considered relocation, decided to remain in the neighborhood. They credited NHS for this change of heart.

Another task force activity is monitoring and making small grants to neighborhood preservation projects (NPP), showing promise of becoming models of new neighborhood revitalization strategies. NPP has several projects to assist elderly tenants and homeowners and has provided the task force an opportunity to obtain some experience relevant to the issue of elderly housing and alternative living situations.

The Mission Hill NHS is conducting a neighborhood preservation project for a congregate housing development for elderly residents in its community. The NHS is purchasing an abandoned structure which will be rehabilitated and converted into apartments which share common living space. Local financial institutions in Mission Hill have committed themselves to financing the project. The congregate housing will provide an alternative living situation to elderly residents who wish to maintain an independent life style and remain in their community but who no longer wish to assume the responsibility of maintaining a private home.

The Mission Hill NHS plans additional congregate housing projects in Mission Hill's triple decker structures which lend themselves to being rehabilitated and subdivided into separate rooms or suites which share common living room, and possibly kitchen, space. A resident manager will live in the house and assume the role of homemaker—he/she will look after the upkeep of the home. MNHS will involve other groups and private institutions in this locally based program. One

state social service agency has already agreed to arrange for homemakers to provide services to the home. Many elderly residents have expressed an interest in participating in this program and representatives from their age group will sit on the senior advisory board which will elect the resident manager and plan the design of the house with the help of a local university. The architects hope to assure future residents that the structures will be remodeled so as to suit their needs and preferences.

This project will be important in the revitalization of the Mission Hill community. The first house planned for rehabilitation is currently a neighborhood "eyesore," and its rehabilitation will help to "bring back" the neighborhood while at the same time providing an alternative living situation for elderly residents.

Another program which is being reviewed for potential replication is an NPP in Baltimore NHS's home maintenance program. The home maintenance program sponsored by NHS provides minor home maintenance repair for the elderly, handicapped and single-parent families living in the NHS area. It proposes to provide routine and emergency or "on call" services to those eligible. The program respects the homeowner's pride and independence and assists in performing routine maintenance repairs beyond the owner's economic and physical capabilities. Minor maintenance items such as exterior trim painting, weather stripping, caulking, repairing broken locks, doors, glass, and minor plumbing and electrical are provided. The program is not equipped to do major improvements, but in those cases will provide contractor referral or financial assistance through NHS or other resources.

In conclusion, I would like to take an excerpt from the study which was done by the conservation foundation entitled, "Neighborhood Conservation and the Elderly" of the relationship between revitalization strategies and the urban elderly population. The conservation foundation maintains that:

"Blight, substandard housing, even unpleasant neighborhood conditions must be weighed in the total context of the support the community environment gives to the older person. All over the world, urban planners are finding that the way people arrange their lives—their neighborhoods, types of housing, friends, activities—often make more sense to them than communities planned according to a professional idea."<sup>1</sup>

Aware of the reality that as people grow old their immediate neighborhood increasingly defines the outer limits of their lives, NHS and our other programs bear in mind, when dealing with elderly residents, that such "life support systems" as familiar surroundings, life-long friends and acquaintances help sustain the very lives of elderly people. Relocation and the incumbent sense of alienation from a familiar, supportive environment threatens the very ability of the elderly to maintain a viable and independent life style. The nonbureaucratic approach characteristic of Neighborhood Housing Services programs will continue to tailor their programs to meet the special needs of elderly residents in the different neighborhoods it seeks to assist.

Senator DECONCINI. Thank you, Mr. Whiteside.

You mentioned the involvement of the insurance companies with the task force. Does that involvement include participation of loan funds or primarily in the life insurance?

Mr. WHITESIDE. The insurance companies are involved in several ways in the program. For instance, Mr. Filer's company—Aetna—is involved along with a number of insurance companies in the Hartford NHS.

Senator DECONCINI. Do they make capital contributions?

Mr. WHITESIDE. They make contributions to the revolving loan fund. In the Newark program, Prudential is supporting the operating budget. We are working in Chicago to develop a pilot which would bring the casualty companies into NHS on a broad scale where they will become a full partner and write standard insurance coverage in the neighborhood. These are neighborhoods where excessive referral of insurance creates a problem in kind of weakening the confidence

<sup>1</sup> Conservation Foundation, "Neighborhood Conservation and the Elderly," 1978, p. 57.

of the neighborhood. We have 17 major insurance companies working very closely with us on that project and we are hopeful that within a few months we will demonstrate how those companies can become full partners in the NHS program.

Senator DECONCINI. Mr. Corwin.

Mr. CORWIN. As you know, the Federal Home Loan Bank Board recently received the assent of Congress to go ahead with the several new alternative mortgage instruments, including reverse annuity mortgages for the elderly, a concept which received strong support from all the members of our committee. I was wondering whether the task force has given any consideration to utilizing reverse mortgages as a new tool.

Mr. WHITESIDE. I think it can be an important tool and is one that the Bank Board is promoting in one or more pilot locations. The NHS staffs will be interested in this. When they work out with NHS clients what best meets their needs, the reverse mortgage will be an additional tool to work with.

I might say that while the idea of mortgaging one's property to take cash out of it is very appealing to sophisticated higher income people, the idea of mortgaging one's home is not easily accepted by working-class elderly people. We have found that frequently it has taken months of persuasion to induce an elderly NHS client to take out a \$2,000 loan on the home that is free and clear, to make essential repairs, because of their feeling that they want to leave the home free and clear to their children. Sometimes, NHS programs have to bring their clients' grown children into the conversation to persuade them that they really would prefer that their parents live in a decent environment, and that they are willing to take the home when it comes to them with a small mortgage against it.

So I believe, therefore, that there is going to be different acceptance of this new instrument at varied income levels. In the NHS context, it will have to be worked out in cooperation with the client, working out what is best for them, what fits their values.

Senator DECONCINI. Mr. Lewis?

Mr. LEWIS. No questions.

Senator DECONCINI. Mr. Corwin?

Mr. CORWIN. I did have one more question I was going to ask you at this time. Up to now, most NHS projects have been limited to a particular type of neighborhood. I understand that you are undertaking some pilot programs to develop some experimental approaches to assisting those neighborhoods which are less amenable to stabilization and revitalization. Give us some details on what you have in the works on that.

Mr. WHITESIDE. We are undertaking NHS development in any neighborhood for which resources exist to turn it around. What happens is that the neighborhoods are selected by a local group made up of local government representatives, lenders, and local community leaders. They review the neighborhoods in the city, and they look at the resources available to them—resources for their operating budget, resources for the revolving loan fund, other city programs that might also be targeted in the neighborhood—for instance, grant programs—and then in consideration of that resource base, they decide how difficult a neighborhood they can take on.

Another factor, of course, is that there may be a substantial number of homeowners in the neighborhood who can qualify for loans from financial institutions. It would make little sense to turn this program into a totally subsidized effort where virtually all of the loans would be made from the revolving loan fund. So you are seeking a balance. The balance is achieved locally by the local partnership group, in deciding where they can best target the program.

The section 8 availability will affect our ability to work in neighborhoods which have lower proportions of owner occupancy. We have advised against bringing the program, with its systematic inspections, into a neighborhood where displacement would be produced, or where you might be producing abandonment—because if the resources are not available to an absentee owner and he receives a list of expensive code violations, you can trigger abandonment.

Senator DeCONCINI. Thank you very much, Mr. Whiteside.

Our next witness is Carl Holman, president, National Urban Coalition, Washington, D.C.

**STATEMENT OF M. CARL HOLMAN, PRESIDENT, NATIONAL URBAN COALITION, WASHINGTON, D.C.**

Mr. HOLMAN. Thank you, Mr. Chairman. I will try to get through this in 5 minutes.

I appreciate the opportunity to appear here today. I would like to submit not only this testimony for the record, but also some additional testimony. I want especially to put to rest one of those myths which is repeated over and over again: the statement that \$80 billion in Federal funds goes to State and local governments. That is not true as I think can be demonstrated to your satisfaction. It is very convenient, of course, when you do less to say that you are doing more.

The elderly have been for too long a hidden constituency. Those who live in urban neighborhoods are too often forgotten by their neighbors and overlooked by those who make urban policy at the local, State, and national levels. In much the same way polling and fact gathering, because they do not adequately distinguish between general groups, can provide misleading statistics about the urban elderly or can ignore them altogether.

For example, in New York City, it is interesting to note—and for the people involved it is a little more than interesting—that there are 20,000 elderly households. Only 20 percent of the elderly households in that rather costly city have incomes of \$8,000, and 52 percent of the renters pay more than 35 percent of their income for rent. Elderly people tended not to move out of the city after World War II as did many others in their neighborhoods. For this reason, they of all groups can be a kind of glue to hold their neighborhoods together. They provide a force for continuity which we think is vastly overlooked.

At the outset of the coalition's recent survey of 44 cities, we went to the Bureau of the Census looking for information on neighborhoods undergoing rehabilitation. They told us then that they had no way of finding out what was happening in transitional neighborhoods with respect to displacement—that was not something in which they were interested. A few weeks ago they admitted that there was indeed something happening which could be called displacement. We are seeing

that it does not matter what the macromoves out of the city or if you have a number of other moves taking place within the city.

The media, in the way they responded to the coalition survey, demonstrated how the situation is being simplified. A headline in one paper said the study showed that blacks were being displaced by middle-class whites. That is indeed true in some cases. The study's major finding, however, was that the elderly are being displaced more often than any other group. Of course, I understood the paper's rationale—later they did an editorial chiding us about what they had said we said, which in fact, we did not say.

In the 65 rehabilitated neighborhoods we studied it was reported that the number of elderly had dropped noticeably since rehabilitation in 80 percent. We came to this conclusion not by long-range survey, but rather by interviewing the people involved in the money markets, the people in the neighborhoods themselves, the people in the cities. Of course, the situation differed from one city to another.

One group then, clearly, suffers from displacement—the elderly—and their departure brings a sameness to the neighborhoods. We think we ought to have a mix of middle-income and low-income people in the neighborhoods. We think we ought to have what cities used to be, diversely populated places—in terms of age, income, race, and the rest. In New York, in New Orleans, in Denver, in Seattle, and in Chicago, our respondents indicated that both public action and private market forces had created situations in which older people were forced to relocate because the increase in housing costs and the increase in taxes forced them out. In many cases, the neighborhoods turned out to be areas in which once displaced people could not find rental housing nor could they find sale housing at anything comparable or affordable cost.

Displacement can be caused by public projects, urban renewal, highway construction—public and private investment or public and private disinvestment. Whole areas—you saw it along Connecticut Avenue—as drugstores and local shops began to move out—the fixed-income population found itself stranded without the amenities it needed.

However, we looked mainly at what private reinvestment had done. In Santa Monica and Venice, two Los Angeles communities which have been getting a great deal of significant reinvestment, most of the people threatened with displacement are elderly, with incomes of less than \$4,000 a year. If they cannot get additional Federal payments or other Government support, they are unable to cope in such a rapidly changing environment. Similar situations exist in Cleveland, Ohio, and in St. Louis, Mo.—the city in which I grew up—in Denver, Colo., and in Washington's own Capitol Hill.

When large apartments are converted to condominiums, it is very difficult for people on fixed incomes to come up with the funds required to stay on. For those people who own their own homes, it may theoretically be easier to bring their homes up to date, but usually bankers prefer dealing only with those who are able to support a long-term loan. That makes it very difficult for older people. They are very often considered bad loan risks, even when there are private programs such as the ones which provide loans to low-income areas. The elderly find it difficult to participate fully in such programs.

I would like to say a word or two about some neighborhoods with which I am personally familiar. In many cases, these areas have not seen very much Federal intervention, certainly not Federal intervention early on. It is true that because Federal programs have to succeed—or people think they have to succeed—the tendency of the Federal Government has been to play it a little safe and therefore it has tended to work in areas and to work with programs which involved less risk than some of these elderly people would represent.

In Newark, after a 2½ year battle waged by our local Newark Urban Coalition, a judge finally moved in. We now have people beginning to renovate, to own and to manage many of their projects themselves. They do some interesting things. They tear out whole sections of a wall so they can have a living/recreation room area larger than the space those who built it for them thought they actually needed. There we see again the problems of inflexibility in and poor coordination of Federal programs. For example, while the residents could get HUD money and HUD assistance, they still had to police their own area because Federal funds for the elderly were difficult to untangle to help provide for their security.

The cutting of Federal redtape is important. When the President went to the south Bronx he looked at an area in which a group of private citizens—some of them aided by our local affiliate, the New York Urban Coalition—had been taking over apartment buildings, rehabilitating them and trying to see to it that people who didn't cooperate were evicted. I should note that they get a whole lot of cooperation. Here again the private nonprofit sector was working at rehabilitation for low-income groups a little earlier. We are told now that there will be stronger Federal interest in this strategy. I hope there will be.

Jeff-Vander-Lou is an area in the north St. Louis ghetto where—under the leadership of a dynamic man and beginning with less than 5 percent homeowners, many of them aged 60 and older—the neighborhood group will have rehabilitated 800 homes. The project began as a private sector operation. Macler Shepard and his neighbors were trying to stop the Federal Government and other forces from destroying the neighborhood. Businessmen set up a foundation to help them. Very recently HUD put up additional money and gave them some homes to work with. The homes the group is working with are not in trouble, while there are indications that those the city is working with are having some trouble.

In the Jefferson district of east Oakland there is a project with which a church, our local coalition, and the National Urban Coalition are working. A number of businesses were able to go in and hold off strict code enforcement until we could help bring those houses up to date. In the supporting housing operation under NDRC, the Manpower Administration was assisting as well. The program dealt with housing: it dealt with jobs—you had a situation in which the unions had skilled craftsmen helping kids and older people rehabilitate those homes. At the same time, there was a program in which the University of California at Berkeley was helping improve the Jefferson school.

Here in Washington—for example, in Adams Morgan as you may know—there began to be an incursion of the so-called urban pioneers.

There is a great tendency on the part of people who have suburban tastes to wish to see these areas suburbanized. That is, they want a homogeneous neighborhood which will be largely middle class and in many cases largely white.

The Adams Morgan organization has no such inclination. The Adams Morgan organization managed to convince a savings and loan company to come in, and, with the aid of a law firm, were able to give some of the people who otherwise would be forced to move out an opportunity to purchase their homes. Mr. McKinney and his people validated that Adams Morgan agreement in a very close vote later on.

I think the urban impact analysis, the locational and the other Executive orders the President issued may be useful here, especially if they focus on the impact of Federal actions, not just on cities but on neighborhoods, and not just on neighborhoods but on particular groups like the elderly.

I would like finally to say that this morning's announcement of gas rationing in some areas and the current inflationary pressures—and in fact, the administration's efforts themselves to cope with inflation and to support the American dollar—may leave millions of older Americans trapped between a rock and a hard place. We are talking here today about programs we are not even sure are going to be funded next year. Our focus is on housing today—too many Americans pay a lot more than 35 percent of their incomes for shelter.

As you well know, older Americans do not live in a world of neatly compartmentalized problems or solutions. For those living on fixed incomes, there are no built-in escalators to protect them from steeply rising costs for such necessities as food, fuel, housing, and clothing. Over the next several months there will be a lot of talk about equal sharing of budget cuts and there may be talk of a recession. If we are not to be either hypocritical or insensitive in our actions, we must recognize the fact that when it comes to pain and sacrifice we do not all begin at the same starting line and this is especially true for the poor, for minorities, for the unorganized working class and for ill-housed or displaced older Americans in today's harsh housing market.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Holman follows:]

PREPARED STATEMENT OF M. CARL HOLMAN

Mr. Chairman, members of the committee, I am M. Carl Holman, president of the National Urban Coalition. I want to commend the committee for holding hearings on a subject which is only just beginning to receive the attention it deserves from urban interest groups, from housing experts, and from advocates for and researchers of the elderly and their needs.

The elderly have for too long been a hidden constituency in urban neighborhoods, too often forgotten by their neighbors and overlooked by those who make urban policy at the local, State, and national levels. They are a major population group in city neighborhoods, especially in older inner-city communities. In 1977, close to 11 percent of all Americans were over 65, and 34.1 percent of that group lived in central cities: 32.5 percent of all whites over 65, 52.1 percent of all blacks, and 50.8 percent of all hispanics were central city residents. The elderly provide a stable presence in urban neighborhoods—many of them have lived in the same community for years—they move significantly less frequently than the general population.

In a study of urban elderly recently undertaken by the minority aging and social policy program of the University of Southern California, 1,200 older people 62 to 74 years of age were queried as to their recent residence. Eighty-six per-

cent of those questioned had lived in the Los Angeles area for 16 or more years and three-quarters of them had lived in the same house or apartment for the past 5 years. There was little difference between white, hispanics, and black elderly in this respect. National figures for a more inclusive age group underscore this tendency to stay; the 1970 Census found that 44.2 percent of all homeowners over 65 had lived in the same home since 1949 or earlier.

The elderly represent a force for continuity in the cities. They are the bearers of their neighborhood's history and often of cultures or traditions forgotten by younger generations. Whether they live in intergenerational households—and many do—or they live alone in groups, they are a resource on which younger people can draw, a civilizing presence in the community. And the urban neighborhood in turn may give them ready access to amenities like shopping and to public transportation, to meeting places and institutions like churches, to nearby family and old friends. Family, friends and neighborhood groups also provide the elderly with a need support network—someone to check in when they're not feeling well, someone to drive them on an urgent errand.

What concerned the National Urban Coalition when we began the 44-city study which resulted in our publication, "Displacement: City Neighborhood in Transition," were reports from our affiliates around the country that certain otherwise welcome changes in urban neighborhoods—the rehabilitation of innercity homes and the immigration of middle and upper middle class people—were resulting in a marked decrease in the number of longtime poor residents, many of them elderly. Our immediate concern centered on questions of housing policy—supply and demand, cost and availability—but our larger concern was raised by a neighborhood resident in Denver who asked: "Whose history is being preserved and at whose expense?" but who might as well have asked: "For whom are cities being revitalized and at whose expense?"

In 65 rehabilitating neighborhoods profiled by the Coalition in 1977, 80 percent—or 52—reported the number of elderly had noticeably dropped since rehabilitation began. Clearly then, one group at whose expense reinvestment was occurring was the elderly. In New York, in New Orleans, in Atlanta, in Denver, in Seattle, in Chicago—our survey respondents, including community groups, realtors and realtists, city officials, and academics, told us the elderly were leaving, their numbers reduced not just by normal attrition, but as the result of private market forces which drove the cost of housing beyond the limited means of many.

The elderly as a group are ill-prepared for abrupt changes in their home environment. The University of Southern California group summarizes recent findings very well: "Forced relocation . . . difficult at any age, presents additional obstacles and anxiety for the aged. Many elderly persons confront . . . relocation at a time when restricted income, increased living costs, loss of spouse, and chronic illness make them totally unprepared to deal with the additional crisis of moving. Involuntary relocation, in addition to threatening an elder's identity and sense of continuity, may bring about physical debilitation." Most studies of elderly forced to move have been undertaken on those forced to move from home to long-term care facilities. This is an important kind of elderly displacement, but there are three other kinds as well:

(1) Displacement caused by public projects (for example, urban renewal or highway construction projects) which especially threatened minority innercity communities in the 1950's and 1960's;

(2) Displacement because of public and private disinvestment in which the neighborhood leaves the elderly who, because they have strong attachments to the neighborhood, because they can't afford comparable housing elsewhere, and because they find it difficult to uproot themselves, are the last group to go; and who leave only when they can no longer cope with high crime or other adverse conditions; and

(3) Displacement because of private reinvestment in which high rents and property taxes force the elderly on limited or fixed income to move to another area (or another home in the same neighborhood) which they can afford.

It is this last kind of displacement we are addressing here today, the result of a movement which is occurring in many cities essentially as a result of private sector activities—though frequently with the encouragement and cooperation of government. This kind of displacement is difficult to document because it doesn't happen all at once; it is not the result of one or two discreet decisions; it is the result of a long process of neighborhood change in which government policies may contribute to the ease with which private investment occurs and

the patterns it takes—for example, through municipal land use policies like zoning—but in which private forces (individuals as well as developers or speculators) are mainly responsible for acquiring and rehabilitating neighborhood property and thus gradually altering the nature of that neighborhood. It is hard to prove that public policies which provide incentives for reinvestment in widely disinvested urban areas are fostering displacement and hard to moderate these policies in the face of continued disinvestment. It is also hard to hold private sector forces directly accountable for the displacement they cause.

Realization that displacement is occurring is also slow. Individual residents in a rehabilitating neighborhood see their neighbors leave one by one and, as they gradually understand “what is happening to the neighborhood,” they fear the day which they too will be forced to move from their buildings. As increasing numbers do leave the oral history of the community, the knowledge about who went where goes with them. Those who work with the elderly in Washington, D.C., in Chicago, in Los Angeles say that frequently older neighborhood residents just simply disappear when they are displaced. They are too proud, says one senior citizens’ center director, to admit they have to leave the apartments they have been renting because they can no longer afford to live there. Meanwhile, the remaining elderly community anxiously waits and hopes that somehow, despite all evidence, the change will not touch them.

Because they are so frequently forced to live on limited or fixed incomes and because they are so highly represented in many of the neighborhoods now experiencing improvement, the elderly are especially caught in this cycle of increased housing costs and diminished housing supply. I understand that the Census Bureau has found the number of elderly below the poverty rate to be decreasing from 1966 levels of 26.4 percent for elderly whites and 55.1 percent for elderly blacks to 1975 poverty levels of 13.4 percent for elderly whites and 36.3 percent for elderly blacks. Yet the areas which are attracting rehabilitation frequently have elderly populations with poverty rates higher still. One New York City official put the city-wide elderly poverty rate at 51 percent. In Santa Monica and Venice, two Los Angeles communities which have been attracting significant reinvestment, local estimates are that half the Venice elderly and a quarter of the Santa Monica elderly must subsist on incomes less than \$4,000 per year and that another quarter of the Santa Monica population could be classed as low income. The hardship is especially great in high cost urban areas in which there is no supplement to the SSI base payment, and among minority elderly who, even if they are “less poor” as a group today, are “more poor” relative to whites than they were in the sixties.

The elderly live in high concentrations in many of the neighborhoods attracting reinvestment, in many cases because they declined to move away during the period of postwar disinvestment. In the course of our interviews with neighborhood residents, we were told that Richmond’s Fan area had the highest percentage of elderly of any community in that city. In Cleveland’s Ohio City, in St. Louis’ Soulard, in Denver’s Capitol Hill, the percentage of elderly was reported to be well above the city average, estimated as high as 40 percent in Soulard.

These people face dramatic, often abrupt rises in the cost of housing—the increases affect both elderly renters and owners although it affects each group in different ways. Because of this distinction, the housing mix in a given neighborhood strongly determines how and when displacement will occur.

The Coalition study found that renters were threatened with displacement much earlier in the rehabilitation cycle than homeowners. In most jurisdictions tenants have few protections if the person who owns the house they rent wishes to sell to a prospective owner-occupant or if the person who owns their apartment building wants either to rehabilitate and rent to more affluent people or to convert the apartments to condominiums. Even if legal protections for the tenant do exist, as, for example, here in Washington, D.C., the landlord is more likely to know what the law is and how to use it.

Rehabilitation work provides a good reason to move people out of a building and once the elderly in particular have moved, they are unlikely to ever return. This was the experience of Project Find in New York City which helps to run two old hotels restored and converted to apartments for the elderly. The rehabilitated hotels have been very successful but the elderly who now live there were not the original tenants.

Two public policy questions which have received special attention in rehabilitating neighborhoods seem to touch closely on the needs of elderly tenants. As

apartment rents skyrocket and people on low and moderate incomes begin to lost their apartments, the question of rent control becomes more and more hotly debated. In several communities with significant elderly populations and with active rehabilitation neighborhoods—San Diego, Denver, and Santa Monica among them—there have been battles to institute rent controls.

The Fair Housing Alliance of Santa Monica with active support from senior citizen groups were outspent 20 to 1 in a recent effort to win voter approval for rent controls. Eighty percent of the residents in this Los Angeles community are renters. I am not convinced that rent control is the answer to the national housing problems made manifest by dramatic changes in these rehabilitating neighborhoods, but I do believe that some damper is needed to slow price increases while we pursue other public policies to increase the general housing supply and to broaden opportunities in rehabilitating neighborhoods. A creative way must be found to keep rents within the economic reach of our poorest urban residents while allowing some reasonable adjustment in response to market forces.

In Washington, D.C. which has had a rent control law since 1973, building owners are responding to the demand for renovated units by converting their buildings to condominium use. The District of Columbia government recently estimated that the city was losing 500 rental units per month to condominium conversions. Washington real estate interests have claimed that condominium conversions are the inevitable outcome of restraints on rents, but in other cities without such restraints these conversions are also occurring and are drawing community resistance.

In Chicago's Hyde Park, an area heavily redlined in the fifties which nonetheless survived as a thriving economically and racially integrated neighborhood, a second wave of rehabilitation is resulting in the loss of rental units to condominiums.

Tenants in one 140-unit apartment building which has a high proportion of elderly, moderate income residents received word this fall that their building would be converted; they were told to buy or vacate their apartments by February, and all building maintenance was effectively terminated. One moderate income 85-year-old widower considered buying until he learned that his monthly payment would more than double and then, unsure about how to look for another apartment because he had lived in the same place for 35 years, he relied upon a friend to find him a place in another neighborhood, with fewer amenities, poorer access to public transportation, away from friends and the community he knows.

This example provides useful illustration of special problems the elderly experience with displacement. Not only do they exhibit greater stress in conjunction with a forced move, but because of their frequent inexperience with moving, they are unfamiliar with the housing market and uncertain about where to look for replacement housing. They face the loss of support networks which, where they exist, are usually far better than replacement services provided by public agencies. They face the loss of amenities commonly found in inner city neighborhoods—a corner store, a nearby bus stop. The Barney Senior Citizens' Center in Washington's renovating Adams Morgan neighborhood provides transportation back to the center for some displaced elderly forced to move to other neighborhoods, but for most elderly, severance from the neighborhood means a severance from their friends, much more final than any experienced by their younger counterparts.

The displaced tenant must look for another place to live in urban markets which have a diminishing supply of low-income housing. For the elderly in some rehabilitating communities, in New Bedford's County Street Historic District for example, newly constructed subsidized housing for the elderly is available which provides some older people with the opportunity to stay in the neighborhood. But in other communities, there are reports that nearby subsidized housing for the elderly has long waiting lists for admission. And public officials may be reluctant to designate publically owned vacant land for new subsidized elderly housing in neighborhoods which are experiencing rehabilitation because of pressure from developers anxious to cash in on middle class demand.

One class of neighborhoods surveyed by the coalition was not only experiencing the immigration by more affluent professional groups but also expansion of the bordering central business district. In Denver's renovating Five Points neighborhood, two apartment buildings housing about 200 elderly people were recently acquired for construction of a new high-rise parking lot. Proximity to the down-

town in Denver's Capitol Hill and Washington's Dupont Circle has attracted construction of new high-rise high-income apartment buildings, hardly substitute housing for longtime neighborhood residents.

More urban elderly are homeowners (52 percent) than are renters (48 percent), and the percentage of elderly homeowners in cities is less than the percentage for the elderly population as a whole.<sup>1</sup> The University of Southern California project on the minority aging found that 62 percent of elderly whites, 54 percent of older blacks, and 67 percent of elderly Mexican-Americans were homeowners in its Los Angeles sample. Homeowners have different problems in those neighborhoods experiencing rehabilitation than do renters. They theoretically have the choice of selling, and in reinvested neighborhoods it is possible to sell at a substantial profit. Though longtime homeowners may choose to sell early in the neighborhood cycle of rehabilitation, elderly homeowners—judging from their mobility rates—are probably the group least likely to want to move.

When the U.S.C. study asked its Los Angeles sample whether they would move if they had a choice about where to live, 81 percent of the elderly homeowners (as opposed to 67 percent of the elderly renters) said they preferred to stay where they were. Of those who wanted to stay, roughly equal percentages mentioned proximity to certain people, convenience of location, quality of the neighborhood and other personal considerations including low maintenance costs. Older people in all three ethnic groups were shown to favor residential stability and continuity even in the face of problems in their neighborhoods and with their houses.

Reports are not uncommon of unfair practices and unusual pressures associated with sales in rehabilitating neighborhoods. An extreme example is in Atlantic City where the downtown area has been subject to intense speculation since that city legalized gambling. Development plans call for both new construction and rehabilitation and elderly homeowners have been subject to strong pressures to sell. On one block by the waterfront predominantly elderly homeowners, many of whom have lived in the same home for thirty to forty years, received the offer of \$100,000 each for their homes provided all their neighbors also agreed to sell.

In other cities there are reports of people who sold with inadequate information to adequately assess the value of their property or the cost of replacing it. The elderly are especially vulnerable on this score, and because so often they must manage on fixed incomes they are also vulnerable to code inspections and city-mandated repairs.

Finally, they are vulnerable to sharp jumps in their property tax assessments when, usually late in the rehabilitation cycle, surrounding reinvestment and improved confidence in the neighborhood make all homes in the area worth more money.

Any sudden unanticipated jump in the cost of living is a hardship for many elderly and increases in valuation such as those experienced in many reinvesting neighborhoods—increases much greater than those to be anticipated from general inflation—are a very real discouragement to continued home ownership, especially when the elderly may have received unsolicited offers to buy—offers which may seem good to them if they are not familiar with changes in the real estate market. Circuit breaker taxes and other property tax exemptions may be available to elderly or low income owners, but even these may not be enough to protect the elderly from the increase which puts them over budget. Reportedly, it was the elderly who joined with real estate interests in convincing Californians to pass Proposition 13.

The Hartford city government has a tax-in-kind program which is worth mentioning in this regard. The program, which has been in existence for several years and may be refunded in the next fiscal year, is designed to allow the unemployed or underemployed to pay their city taxes by performing contracted services to the city government. Of the 103 people who applied and were deemed eligible for the program, 41 were over 65 years of age. The 61 who actually participated in the program managed to work off nearly \$37,000 in taxes since July 1978. Programs of this sort should be tried in other jurisdictions and protections against rapid property tax increases strengthened.

The resistance in the financial community to giving home mortgage or rehabilitation loans to the elderly is well known. One mortgage banker told us that the usual formula was that the age of recipient plus the term of the loan should

<sup>1</sup> Heads of households; bureau of the census.

equal 75 years, and that in his opinion financial institutions would not begin to revise their standards until they were subject to a few lawsuits on age discrimination. Banks participating in the Philadelphia mortgage plan were giving mortgage loans to people on fixed income—one bank had just given an 85-year-old newlywed a 25-year mortgage and the loan officer stressed that the economic life of the property was the essential factor, not the age of the borrower. But as of yet, there is little rehabilitation money available through PMP. Rehabilitation money may be important to the elderly facing costly code violation repairs, and the U.S.C. study recommended that the government give increased support for rehab assistance for the elderly. Almost 80 percent of the elderly surveyed said they'd choose government assistance for home repairs over government assistance to find other housing, and this preference held true for whites, blacks, and Hispanics. Especially seen as needed were small scale fix-up funds for repair and improved security.

For the minority elderly—who, as we have seen, are poorer than white elderly—the stresses associated with immigration of more affluent groups are compounded by those associated with discrimination. While the racial and ethnic dynamic of neighborhood change was less clear than the dynamic associated with wealth—incoming groups were, virtually without exception, more affluent than their predecessors while racial and ethnic patterns were mixed—the Coalition study still noted that 37 percent of the neighborhoods surveyed observed a drop in the number of minority residents since the onset of rehabilitation. The pattern was frequently that of whites moving into black or Hispanic neighborhoods; the elderly minorities who are displaced under these circumstances face additional problems of relocation and readjustment.

The Coalition offered a number of recommendations in its study, among them that increased counseling be made available to help low income residents faced with displacement and that local protections for low income tenants and elderly homeowners be broadened. Clearly, the elderly who so desire continuity need to have increased opportunities to remain in the neighborhoods they have claimed as their own. We should use the programs we have already at our disposal better—section 8 funds and more subsidized housing located in the neighborhoods, for example—and we should insist on broadened use of public funds to encourage rehabilitation of the places where the elderly already live. The emphasis should be on maintaining the elderly person in his or her present environment, on respecting established, often culturally determined backgrounds and preferences, and on improving certain quality of life factors of which crime is clearly the most important. The rehabilitation of inner city neighborhoods can be seen as an opportunity to build economically and ethnically diverse neighborhoods, from the stability and continuity which those neighborhoods already may possess. The elderly as possessors of the neighborhood's past and as active participants in its present must not be tossed aside like outdated light fixtures or unfashionable bits of house trim in the process of sprucing up our neighborhoods.

A striking story about elderly displacement comes to us from Venice, Calif. Built as an oceanside vacation community for Los Angeles residents, the neighborhood attracted many elderly residents in the 1950's. Thirty of its forty thousand residents were elderly. In the late 1960's young people, drop-outs, and the members of drug culture began to pour into the area. The crime level increased, and landlords who found they could charge several young people more than one elderly person were encouraged to rent to the new group of tenants. Speculators bought oceanside properties and tore them down, leaving empty rubble-filled lots.

Until the first young professionals came to this disinvested neighborhood in the early 1970's the elderly had managed to remain in the area, but in the last 10 years their numbers have dropped from 30,000 to 3,000 to 4,000. The director of the senior citizens' center which attracts nearly 40 percent of the 1,500 Jewish elderly has said that the 1970's are "the decade of decimation" for the elderly in Venice.

Rent increases have been precipitous and are expected to resume when the current moratorium on further increases is lifted March 1. An apartment which rented for \$75 in 1972 rented for \$300 per month in 1977. So many of the Venice elderly have incomes below \$4,000 per year that many are spending 90 percent of their social security income on rent payments. The center provides daily hot lunches and brunch on Sunday and even so the director does not know how his group manages.

There is pressing need for 500 to 1,000 units of low-cost housing for the elderly in Venice but the city is sympathetic to development interests and has sold to the highest bidders 140 vacant lots. The Coastal Commission which had restrained development has changed in composition and in policy over the past year, and because of an exclusionary exception builders may bypass the commission and go directly to the sympathetic Los Angeles City Council. Meanwhile some observers feel that it was the federally subsidized building of the Santa Monica Freeway in the late 1960's which, by connecting the area to downtown Los Angeles, made Venice attractive to the professional groups.

Soon only professionals will be able to afford the area. The same house which sold for \$10,000 to \$15,000 in the early 1960's cost \$150,000 in 1975 and would probably cost \$200,000 today. The median age of the Venice elderly is 84 years and rising. They are moving away as the cost of renting gets too high, sometimes going to cheaper housing in old hotels near downtown or sometimes going to nursing homes. And they are dying. No new elderly groups are replacing them.

Senator DECONCINI. Thank you, Mr. Holman.

Can you give me your thumbnail observations given the present trends? What do you see in the future for America's urban areas if no changes are made in the present programs and the present policies? Further, what limitations do you see on the Federal Government in the area of urban transportation?

Mr. HOLMAN. Well, from what I can gather about the current administration's interest in urban transportation—and transportation is a real problem for the elderly in many cities—the tendency has been to say that it is much too costly. A small amount of money is in the new budget for intermodal transportation in cities.

I think that some of the cities are going to shrink in size and some are already shrinking. This change has potential benefits and it will also bring problems which I think are so numerous that they will be very difficult to turn around. One view of cities, which people have long held, is that if you want to make cities work you must do something about the commercial downtowns. Of course the common wisdom is true but revitalizing the downtown only, as the Newark program did, for example, is very risky. Nonetheless, this is a very popular approach.

It is less popular, both in the Congress and elsewhere, to try to do things which will help neighborhoods. Moreover, sooner or later, 5 years from now or less, we are suddenly going to find we have to take our urban money and put it to work repairing the physical infrastructure of cities. Mayors are now having to put off for a long, long time necessary repairs in their physical plant. Take the example of the amount of fresh water that Boston is losing because of inadequate repairs to its water and sewer system. The examples can be found in other cities around the country.

I have a feeling always that cities are going to survive. I wish we had a bigger constituency for cities. I think we agree that those people who represent the organized elderly or the organized neighborhood people, can make themselves heard. They cannot outspend the others. If they can make themselves heard on Capitol Hill and with the administration, the cities I think will have a viable future. Mr. Ralph, a former member of our board, who has built as many suburban shopping centers as anyone, says, "I think perhaps there are getting to be too many." The Quincy development that he has done, the market in Boston, provide examples of ways to revitalize cities. I hope that the Federal Government and local and State governments will be able to

work with the private sector and with private citizens to have a little more faith that urban problems can be worked out.

Senator DeCONCINI. Thank you, Mr. Holman. We are going to get back to you for some further questions but I would like now to go to John Filer, chairman, Aetna Life & Casualty, Hartford, Conn., representing the Committee on Corporate Social Responsibility.

**STATEMENT OF JOHN H. FILER, CHAIRMAN, AETNA LIFE & CASUALTY, HARTFORD, CONN., REPRESENTING THE COMMITTEE ON CORPORATE SOCIAL RESPONSIBILITY**

Mr. FILER. Mr. Chairman, thank you.

I will probably set a record for brevity on this panel and perhaps be a slight example for those who follow me.

I am John Filer. I am the chairman of Aetna Life & Casualty, and also chairman of our life and health insurance industry's committee on corporate social responsibility, which is an organization that has been in existence for 6 or 7 years. Your committee's inquiry into urban investment policies and practices from the perspective of elderly city residents is timely and essential, and I welcome the opportunity to discuss the involvement of our business.

America's life and health insurance companies have been concerned about the needs of the residents of the Nation's urban centers. Most of our companies are central city employers and our business is profoundly affected by conditions in urban neighborhoods. Our economic activities are substantial enough so that our business would affect the well-being of our cities with or without deliberate, well intended effort on our part.

Our industry is a major source of investment capital for residential and commercial urban projects. We have tried to respond to the economic and social changes in America's cities in a variety of ways—not only through our investments but through corporate contributions, educational programs, and the civic activities of our officers and employees.

While the future of our business is critically dependent upon the health of our cities and the vitality of our neighborhoods, the cities must be the architects of their own affairs. I have been urging for some time now that business leaders regard the condition of our urban communities as an urgent and integral aspect of corporate citizenship in the fullest sense of the term.

I would like to refer to those associations that represent the companies that write nearly all of the life and health insurance in the United States. Back in 1971, we established a clearinghouse on corporate social responsibility. I don't like that term but we could not find one that was any better. The clearinghouse does keep member companies informed of the industry's activities in this area and conducts an annual social reporting program through which our member companies provide a comprehensive accounting, essentially to each other, of their activities in this area.

Recently, in recognition of the complexity of the problem and the continuing need for a joint effort, we created what we call a neighborhood response. This new program is a partnership between the

clearinghouse and the Academy for Contemporary Problems. The effort is to stimulate the industry to take part in neighborhood revitalization activities of a variety of natures.

The initiative essentially is to provide service to our own member companies throughout the country with a consulting service that acts as a catalyst in a way in areas of public safety, health services, social services, housing, community and schools, and training in economic development and public management. The program is relatively new and really got started just in the last several months. We are very hopeful that that will be a significant step in the participation of our companies in our own problems.

Referring to my own company, Aetna Life and Casualty, we have tried to intensify our commitment to the cities. A year and a half ago we formalized the financial side of this effort by establishing what we call a corporate responsibility investment committee. The committee identifies, reviews, and recommends what we consider socially responsive investments, such as low-income housing in High Point, N.C., and in Topeka, Kans. We have committed to date about \$90 million pursuant to this program.

Finally, Mr. Chairman, I just would like to make one comment and that is, it seems to me, particularly as we have crosscurrents in this country of proposition 13, fiscal conservatism, and social problems of our urban centers which are not going to go away, I am very hopeful that the business community will recognize that this is a remarkable opportunity for the private sector to join with the nonprivate sector and Government to try and find some unique ways to help solve these problems which will not go away by themselves. I think a businessman has a great opportunity and a great obligation in the next few years.

[The prepared statement of Mr. Filer follows:]

#### PREPARED STATEMENT OF JOHN H. FILER

My name is John H. Filer, chairman, Aetna Life & Casualty. I am also chairman of the life and health insurance industry's committee on corporate social responsibility, an organization I will describe in a moment. Your committee's inquiry into urban investment policies and practices from the perspective of elderly city residents is timely and essential, and I welcome the opportunity to discuss the involvement of the life and health insurance industry in the Nation's urban neighborhoods.

America's life and health insurance companies have been concerned about the needs of the residents of the Nation's urban centers. Most of our companies are central city employers and our business is profoundly affected by conditions in urban neighborhoods. Our economic activities are substantial enough so that our business would affect the well-being of our cities with or without deliberate, well-intended effort on our part. Our industry is a major source of investment capital for residential and commercial urban projects. We have tried to respond to the economic and social changes in America's cities in a variety of ways—not only through our investments, but through corporate contributions, educational programs, and the civic activities of our officers and employees.

While the future of our business is critically dependent upon the health of our cities and the vitality of our neighborhoods, the cities must be the architects of their own affairs. But I have been urging for some time now that business leaders regard the condition of our urban communities as an urgent and integral aspect of corporate citizenship in the fullest sense of the term.

The beneficial impact of our industry's urban investment programs upon the elderly and their neighborhoods derives from our overall involvement in urban revitalization and our increasing sensitivity to the need for maintaining our urban communities as living neighborhoods. One familiar aspect of the rapidly changing economic and social condition of America's cities has been the gradually diminishing tendency for the more affluent upwardly mobile people to emigrate

to the suburbs while the disadvantaged with fewer life style choices have moved into the cities. At the same time, of course, many older people have stayed in the city neighborhoods where they have lived most of their lives. Many of the elderly are more reluctant than younger people to change their accustomed environment. The elderly are the only age category with more members living in cities than in the suburbs.

Their attitude is understandable. Shelter is not their only concern. A city is a network of community resources that help the elderly to maintain an independent, meaningful relationship with their environment. There is no simple way to achieve what one author has called a life-support system for the elderly. Focusing only on their needs might at best separate them from society and "ghettoize" them. At worst, it could reinforce the tendency of cities to become warehouses of the poor, the infirm and the old, and of the criminals who prey on them. Restoring a sense of community in our cities and making cities more desirable places for people of all ages, ethnic groups and income levels to work and live is one of the most complex and challenging problems faced by private industry and government alike.

It is probably unrealistic to attempt to turn back the clock and return our cities to their condition 30 years ago before the growth of suburban population and employment centers. It would be equally unrealistic to assume that a complex and diverse urban culture will be amenable to any standardized, nationwide program to assist neighborhoods, especially a program which focuses too selectively on any one segment of the community. A public policy and private investment strategy which works in one city may well be inappropriate for another. There is a need to help develop and support local neighborhood organizations without which rehabilitation by itself would mean little.

The American Council of Life Insurance and the Health Insurance Association of America represent companies writing nearly all of the life and health insurance in the United States. In 1971, they established the Clearinghouse of Corporate Social Responsibility. The clearinghouse keeps member companies informed of the industry's social responsibility activities and conducts an annual social reporting program through which member companies provide a comprehensive public accounting of socially responsible activities.

In recognition of the complexity of the problem and of the continuing need for a joint effort, the insurance business has also undertaken a "neighborhood response" program. This new program operates as a partnership between the clearinghouse and the Academy for Contemporary Problems, a public foundation sponsored by several national organizations of State and local officials.

This "neighborhood response" program is conducted on a voluntary, individual company basis in selected urban neighborhoods where the prospects for meeting both investment and corporate responsibility objectives are reasonable. We hope the program will encourage diversity and flexibility while at the same time provide a forum for the exchange of ideas and experiences between the public and private sectors.

Like many other companies, Aetna Life & Casualty has intensified its commitment to the cities. In February 1977, Aetna formalized the financial side of this continuing effort by establishing a corporate responsibility investment committee. This committee identifies, reviews, and recommends socially responsive investments like a low-income housing loan in High Point, N.C., and a retirement community loan in Topeka, Kans. Nearly \$90 million has been invested pursuant to this program.

Perhaps the single most pressing, but at the same time most manageable problem faced by us all is the unintentional, but frequent displacement of those urban residents, often the elderly, who are inevitably inconvenienced whenever a neighborhood undergoes change—even positive, well-conceived change.

During Aetna's recent conversion of an older Hartford apartment house to condominiums, we faced this displacement problem. We found that we were able to relocate all of the former residents at a cost of about \$200 per resident. We hope that our "neighborhood response" will provide a forum for the exchange of such practical solutions to one of the most intractable problems encountered in the effort to preserve a sense of community in our neighborhoods.

Such an exchange of ideas and cooperative use of private and public resources is vitally important. The "section 8" Federal rent subsidy program is a good working example of the use of Federal funds together with city administration in an effort to encourage development in a way that recognizes the diversity of community needs.

Rather than taking more time now to describe our efforts, I have provided the committee with some written material. I would be pleased to answer questions.

Senator DECONCINI. Mr. Filer, thank you.

If you don't mind a very direct question as to your company, is it financially feasible to get involved if your company has to commit itself to the urban older parts of our major cities?

Mr. FILER. Yes, sir.

Senator DECONCINI. Or is it partly your social responsibility, or a combination? Really what I want to know is, are the finances there? Is the profit there to justify it?

Mr. FILER. It is a combination, Mr. Chairman. I tend to be an optimist and I think increasingly the balance will be that the activity will be following commercially viable financial transactions. I believe that a lot of what we have had to do, for example, in Hartford, we took risks that were rather extreme, I believe. A fair part of the return was looked upon as a social return. In my judgment all of those investments over time will have proved to be financially profitable as well as socially profitable so that I think there has had to be a fair amount of taking more risk for lower return, really a voluntary force effort to be involved in the urban centers. I think that time is changing. I think the time is coming—

Senator DECONCINI. You think the payoff will be there?

Mr. FILER. The payoff will be there and I think the trends are rather clear. The real problems are how do we handle the social throwoffs, the problems that get thrown off when you do have the urban center and the financial institution.

Senator DECONCINI. I want to compliment Aetna for their involvement in this. The money motive is quite natural. The question is only for my information purposes.

Is there anything that you see that the Federal Government can do, that would not be in your best judgment extremely costly, to encourage companies like yourself to get involved in this type of participatory action?

Mr. FILER. Yes, I think there is. Our experience from this neighborhood response program is that we are worried a little bit. We really had quite a variety of inquiries from various parts of the Government with it affirmatively seeking to become attached to part of it, supportive of this neighborhood response program, and I felt very good about that.

We must be very careful that the government does not overwhelm us. I said to the committee the other day we are a solution in search of a problem and we want to be sure we recognize the problem. I understand that HUD will meet in New York next week to talk with business executives of the UDAG program and I intend to attend. I understand that there is a part of that organization that is set up to try to stimulate cooperative understanding between the government and the private sector.

The principal problem in my judgment is that the senior executives of major corporations have a priority list of about 20 and that comes unfortunately somewhere in between 16 or 19. It is very complicated. We really cannot understand it quickly. I am forever saying a little more than I know on the subject and it is really for the businessman

that we need prodding; we need education; we do need stimulus, a catalyst from others. It is very, very hard to do ourselves.

Senator DeCONCINI. What about tax incentives?

Mr. FILER. Well, again I think I would answer that question as an indication of how hard it is to be knowledgeable. I really don't know, Senator. I would mislead you if I said in my judgment here are certain areas of incentives. Obviously we have the opportunity for financial investments as we have now committed one in the Washington area in a center for the aging where there was a HEW grant and we are making a \$3.5 million mortgage loan. The combination of the two makes something viable that without either would not have occurred, so clearly incentives are in many instances necessary to make something feasible.

Senator DeCONCINI. Mr. Filer, would you be inclined to consider some other questions that we might submit to you regarding the business involvement?

Mr. FILER. Yes, indeed.

Senator DeCONCINI. I would submit some and maybe staff will, too. I would like an opportunity in the next couple of weeks to write you.

Mr. FILER. Yes; and then I will come down and discuss with your staff.

Senator DeCONCINI. That would be very, very helpful.

Mr. Corwin.

Mr. CORWIN. Mr. Filer, just again I want to say I think the neighborhood response program is commendable, and I wish there were other industries taking that type of initiative. I am very glad to hear from Mr. Whiteside that the insurance companies are becoming involved beyond the management stage and are providing private casualty coverage, as opposed to the expensive FAIR plans which a lot of neighborhoods have had to turn to. As you know, GAO reports issued at the initiative of Senator Percy of this committee indicated that, because of FAIR plan mismanagement, there were cases of incentive to commit arson in some neighborhoods.

However, I do have to ask you. There was a May 1978 study put out by the Federal Insurance Administration of the Department of Housing and Urban Development, and I am going to quote from one of the conclusions of that study. They said: "Insurance redlining is widely practiced by insurers. \* \* \* Redlining extends far beyond blighted areas into many otherwise healthy neighborhoods."

I would like to get your response on the accuracy of that conclusion, and if there is some truth to it? Perhaps our insurers, looking at urban areas, are looking back at the last 20 years rather than looking forward to the next 20.

Mr. FILER. Yes. It is hard for me to know exactly how to answer that question. The particular study you refer to I would hasten to indicate that I don't remember at all in detail, but a significant part of it I do not agree with. However, you come to the issue of so-called redlining. There is no question but that when you are in a business that involves risk selection and the business is done by and large through an agency system where the agents are located in a variety of places, some urban and some suburban and rural, and when you have a history of some rapidly decaying neighborhoods, you will have

a difficult problem in placing insurance on a certain neighborhood, a certain number of houses.

I would be naive to say that the problem is easy to solve. There are activities going on, including what Mr. Whiteside said about the address in Chicago. We have in Connecticut now what is called an open line where 20 companies are participating. Anyone who wishes to inquire about placing of homeowners insurance will be put through to a company representative on a rotating basis. There is assurance that the property will be inspected. The industry is really very concerned about this problem. As a matter of fact, it was last February or March, as the chairman of the company, I sent a letter to all of our field force. And I just want to reiterate, the policy of this company is "Thou shalt not redline," but that does not really get the job done. It takes a variety, I think, primarily of voluntary activities and cooperative efforts along with the insurance companies themselves to solve the problem. I think we are making progress; unquestionably we have not made it as rapidly as we should. Clearly if you are going to have neighborhood revitalization, you should have the availability of insurance coverage so the people will have respect for their own neighborhood and be interested in rebuilding. So clearly it is a problem and I think we are clearly addressing it. It is not an easy one, it won't go away, but I think we can solve it voluntarily.

Mr. CORWIN. Thank you.

Senator DECONCINI. Mr. Lewis?

Mr. LEWIS. I have no questions now. I will wait.

Senator DECONCINI. Thank you very much.

Our next witness is Prof. Conrad Weiler, Temple University, Philadelphia, Pa., representing the National Association of Neighborhoods.

We are glad to have you with us. Please proceed.

**STATEMENT OF DR. CONRAD WEILER, ASSOCIATE PROFESSOR,  
TEMPLE UNIVERSITY, PHILADELPHIA, PA., REPRESENTING THE  
NATIONAL ASSOCIATION OF NEIGHBORHOODS**

Dr. WEILER. Thank you very much, Senator. I am very pleased to be here today. I am speaking on behalf of the National Association of Neighborhoods, which as the name implies is an association of neighborhood organizations. We have a very strong social justice orientation in our activities in the last 3½ years since we were founded, and I might point out that our association was among the very first to call attention to the problems of displacement in our Nation's neighborhoods.

My personal experience as a member of the Queen Village Neighbors Association will give some specific highlights to my testimony today. I am going to deviate very much from my prepared testimony and respond really to the flow of what I have heard so far this morning.

I would like to make one point in the beginning, a point which I have been making for several years. Even though we are now focusing on urban neighborhoods, the interdependence of what is happening in the inner city neighborhoods as they are being revitalized with what is happening in the suburbs must be seen as a whole. People are just beginning to get that awareness now.

Second, I want to point out that while displacement is certainly the most obvious and the most painful problem connected with reinvestment, reinvestment poses a great many challenges which affect even the middle-income people who have recently come back to the neighborhood. Even if we did solve the displacement problem, we still would have quite a task in deciding just how to build good, stable neighborhoods for low and moderate as well as middle- and upper-income people.

Another point, in my prepared testimony I have criticized HUD rather severely. Based on Mr. Fleming's testimony here today, I am encouraged hearing much clearer language coming from HUD that they recognize this problem, and they are willing to do something about it, but I must point out that there has been a considerable amount of misinterpretation or, let's say, misleading interpretation of data. For example, there has been a great deal of discussion out at HUD as to whether more people are leaving the city than coming back rather than on what happens when people do come back. Since one of the goals of urban renewal over the last 30 years has been to reduce urban density, I don't see why declining urban population is seen as such a disaster.

One of the other data discussions is why most people who are moving into these reinvestment areas already lived in the city. Well, the answer is very simple. You can only come back once, and once you come back you are a city dweller but that does not mean population movement is limited to the young affluent whites primarily. The data also show a very large increase in black population moving to the suburbs.

Now I would like to just list some of the problems that I have seen for older Americans in inner-city areas as reinvestment occurs based on my personal experience. This is a very long laundry list and I will go through it quickly.

Uncompensated eviction of tenants from rental units or condominium conversions, which is a serious problem in some cities but not in others, or eviction just for rehab, which is the situation in my area in Philadelphia.

Rapidly rising rents, loss of friends and relatives through reinvestment, displacement, loss of supporting institutions, personal contacts and facilities through reinvestment, loss of part-time jobs or voluntary activities that the senior citizens use to contribute to the community and help keep themselves active; rising costs of food and clothing as neighborhoods become "gentrified;" loss of nearby shopping facilities; loss of nearby physicians and pharmacies or rise in cost of such services; increased difficulty in walking in the neighborhood because of parked cars blocking intersections and construction excavations and dumpsters; loss or decline in quality of public transportation routes; increased noise and dirt in the neighborhood either temporarily during construction or permanently through new uses—heat pumps, external air-conditioning units attached to luxury housing and possibly also through bars and nightclubs that may have been attracted to the revitalization going on in the area; harassment by landlords seeking to evict them or by realtors, speculators, or private individuals trying to purchase their home.

An example of this is the Saturday and Sunday visitor from the suburbs who gets a sudden inclination to buy a house in this very cute neighborhood and just knocks on the door of people and says, "Would you like to sell your house?" The first couple of times it is rather funny but after a while the people get rather depressed, especially the senior citizens who see a pattern of harassment and attempts to move them out of the neighborhood. Realtors also have been doing this. We have been solicited so many times that we give up trying to respond to individual realtors than canvass the neighborhood.

Mental or physical illness sometimes including the very obviously premature death caused by the stress of actual forced displacement. This is a very serious problem.

Senior citizens, like many others who have lived in these neighborhoods all their lives, don't really have contact with the housing market and if they do sell, they sell oftentimes for much less than the fair price and then are faced with the inability to purchase even roughly equivalent housing in any other neighborhood. They may also be losing nearby open space for gardening or recreation.

One of the sort of benefits over the years of urban decline, if you can call it that, is a number of open spaces which urban dwellers have converted to gardens. Once the neighborhood becomes popular they disappear, and they are very important to senior citizens to use as gardens or spaces to build a little park.

Another problem we have found is that at least many of the local community development agencies have not really gotten the word from HUD yet and when the neighborhood begins to develop they see that as the time to turn off the spigot of assistance. We keep getting the message from our own city as well as other neighborhoods that we have completed the task now and your neighborhood is well along the way so you don't need any help now. As soon as those \$80,000 townhouses were gone, forget the help, we will move on to the areas that need it. Our people still need help even though the area as a whole might not seem to.

A few additional problems: The general loss of comfort in a neighborhood and familiarity as the neighborhood fills up with strangers and changes in physical appearance as old landmarks are torn down and rehabilitated; problems with social agencies and political zoning processes, remapping, and other planning activities; difficulty in trying to get access to social and housing programs.

One particular problem that hits senior citizens is historic certification. They often don't understand it and especially don't understand why they have to fix up their house. If it was good enough to live in all these years, why do they have to fix it up to apply to some historic requirements?

There tends during reinvestment also to be a lot of minor damage associated with construction in neighborhoods, and senior citizens again seem to be among the worst hit by that.

We find a certain portion of our association's effort is in trying to get cheap legal assistance for senior citizens—at least if nothing else to write a letter to the contractor to say you have to fix that hole that you knocked in so and so's house. Maybe it won't go to court but it is a kind of minor harassment that an older person can really take very seriously and we are finding some of it lessens their life and enjoyment of life very much.

A couple of specific points. I see the time here slipping away. I have included in my testimony a Xerox of the actual tax assessment summaries that we filled out 2 years ago when I guess this was the second or third year that our neighborhood had been hit with systematic and very dramatic upward tax reassessments, and I think they speak for themselves. They tend to average in the 200- to 300-percent range and come one year after another.

If you read the case studies, you will see that in virtually every case these are senior citizens and they have done nothing to their property. Now that does not mean that it is a falling down wreck, they have kept their houses nice all these years. The point is that they are paying the price in increased tax assessments for reinvestment. By others, I will just quote from one of these forms. I have kept it anonymous but I know the person who wrote this.

I don't understand why this house tax was raised 350 percent. Fitzwater Street between 2nd and Front is in bad shape, hasn't been repaired in 40 years. It also is not much wider than an alley. I have an empty lot in front of me and a factory in the rear. Also my income is only \$210 a month social security.

Since this woman wrote this, the empty lot across the street has been the site of the construction of an approximately \$115,000 townhouse and the factory to the rear now has, I believe, 13 luxury apartments in it, so her assessment and taxes will go up much more again. So the homeowner, directly and indirectly, the tenant, is feeling a tremendous bite from increased tax reassessments, not because of intrinsic improvements—which is a different related issue—but just simply because they happen to live in a neighborhood which other people happen to find attractive.

Just one example on the problems with community development. Even where the program may be working to help senior citizens get community development benefits, that is only where the program has not been phased out yet because the neighborhood has been "saved." I gave one example in my prepared testimony, and it is a rather extreme example but it exemplifies the problems in getting these programs to work. The example is of an elderly gentleman in our neighborhood who in this case happens to be black and who was waiting 21½ years for an emergency loan and grant. He was 92 years old.

Then, of course, there is the constant threat of eviction. The most recent case was of a roominghouse that had 65 rooms and it was occupied by single men, once again in this case all black. That is now the subject of a bitter fight with my zoning committee. We were unable to do anything to stop the tenants from being evicted, but now the new owner wants to cram in 32 apartments where there were 65 rooms, which will in turn have a secondary effect on the neighborhood. There is no parking or yard space whatsoever; so the parking, recreation, and trash storage problems will be passed on to the rest of the neighborhood.

To conclude I will call attention to a couple of things that I think the Federal Government can do. I am not going to call for massive expenditure of funds though there are certain areas where more money is necessary but I say with regard to the private sector I think that one of the things that HUD can do and the Federal Government generally, and I hope also neighborhoods can do, is to educate the private sector that the risks are in most cases a lot less than they seem to be,

and they can invest in neighborhoods that still need them. I dealt with approximately 300 to 400 developers in my years in Queen Village and while I have seen a few go broke, I have seen quite a few make a heck of a lot of money.

I also think the property tax question is a major one. I am not sure what the Federal Government can do directly but something has to be done about the property tax situation.

Section 21-24 of the Tax Reform Act benefits only developers and I think it should be repealed but if not it certainly should be extended to individual homeowners.

Relocation benefits are virtually nonexistent for most of the people displaced because they are displaced by private activity. I think there has to be a Draconian step taken and again I am not sure what the Federal role is. If you are going to displace somebody, you have to take care of the relocation before the permits are given for rehab, before right of occupancy is given. In fact, what I would like to see is before the real estate transfer tax would be paid there must be a form filed for adequate relocation. Holding up property transfer before relocation has been complied with is a very Draconian and a very extreme step, yet it is the only step that would in any way guarantee most of the displaced people any hope. Relocating simply does not work if you let the redeveloper go ahead first and then let the public worry about relocation.

Then, finally, I think we have to expand the tilt toward the neighborhoods which the Federal Government has begun to take under the present administration. I think that has to be expanded considerably and it does not require money so much as it requires awareness and emphasis. I think the neighborhood is the fine tuning instrument that is best suited to deal with reinvestment and its problems.

Thank you very much.

[The prepared statement of Dr. Weiler follows:]

#### PREPARED STATEMENT OF DR. CONRAD WEILER

Mr. Chairman, members of the committee, and others, I appreciate very much this opportunity today to testify to you on the problems of older Americans in the Nation's neighborhoods.

Nearly 4 years ago I raised the prospect of massive recycling of Philadelphia's metropolitan population, the affluent young returning to the city centers and the older and poorer population moving—or being moved—inexorably outward. This prediction was based on analysis of limited, but already apparent trends, and the underlying goals of urban renewal and housing policy. At the time such prospects were dismissed by most experts as wildly impractical speculations. Today this prospect is no longer so easily dismissed. In 4 years—one Presidential term—displacement of low- and moderate-income residents resulting from urban reinvestment is now a nationally recognized housing problem, even though many experts, including those at HUD, now do their best to confuse and underestimate the problem, as they or their predecessors dismissed it entirely a few years ago. The related issues of optimizing reinvestment generally and the future of the suburbs have still not received the attention they deserve, and one wonders if, in 4 more years, the experts and policymakers will still be down-playing displacement and just beginning to give grudging attention to optimizing reinvestment and the future decline of the suburbs.

The National Association of Neighborhoods has been in the forefront of raising and investigating these issues, not only because they affect our neighborhoods but also because they affect the well-being and quality of life of all our citizens, especially those who are socially, economically and politically disadvantaged or otherwise less well off.

Today we are particularly concerned with the situation of "Older Americans in the Nation's Neighborhoods." My remarks today will draw upon my experience and research nationally as a board member of the National Association of Neighborhoods and as an associate professor of political science at Temple University, and locally in my own neighborhood of Queen Village in Philadelphia as president of the Queen Village Neighbors Association. I would like to address especially the plight of senior citizens in urban neighborhoods undergoing reinvestment. I would like to divide my remarks into the following areas: a brief review of overall trends in reinvestment and displacement, the effects of these trends on neighborhoods and their senior citizens, drawing particularly upon my Queen Village experience, and what the Federal Government could do to ameliorate adverse effects on senior citizens. I would like in particular to acknowledge the assistance provided me in preparing this testimony by Mrs. Kathy Conway, field representative in the Queen Village office, and Dr. Paul Levy, planning committee chairman for Queen Village Neighbors Association.

#### OVERALL TRENDS IN URBAN REINVESTMENT AND DISPLACEMENT

From personal inspection of nearly two dozen cities, dozens of first-person reports, perusal of scores of reports from a great variety of media reflecting all levels of society and from study of a growing number of carefully researched studies it is indisputable that substantial reinvestment and growth is occurring in downtowns and neighborhoods of many if not most of our cities in all regions of the country. Nearly all of these reports underestimate—often considerably—the extent of reinvestment and resulting problems, a tendency I have noticed since first studying this issue in 1971. In fact, in reaction to this, I have only half-humorously formulated the first "law" of reinvestment: there is always more reinvestment and displacement than any expert or policymaker suspects. Particularly impressive exceptions to this tendency however, were the Urban Coalition's report earlier this year, and a September 3, 1978, special supplement on housing to the Seattle Times.

While the overall trends of reinvestment are the subject of a longer discussion in a paper prepared for the Back to the City Conference in Hartford last October, a summary is in order.

First, many neighborhoods are undergoing "incumbent upgrading" primarily by existing residents with little or no serious adverse effects.

Second, many older inner city neighborhoods are undergoing considerable reinvestment by outsiders and new residents (in addition to frequent incumbent upgrading), frequently causing substantial displacement and other adverse effects.

Third, most of the newcomers to older, inner-city reinvestment neighborhoods are white, middle- or upper-income, frequently single person households, primarily in the 25-35 year category, with a smaller number of late middle age empty-nesters. Overwhelmingly these newcomers grew up or spent most of their adult lives in outer city or suburban areas, and are usually different in income, class, education, social behavior, and political outlook and frequently in race from the long-term neighborhood residents. Most studies have obscured or confused the essentially affluent, suburban, middle-class origins and outlook of the newcomers, which is obvious to anyone who spends even a few seconds observing such people. This suburban character of the newcomers and sometimes the challenges and problems of reinvestment have been obscured by several "facts":

(a) More people are leaving cities for suburbs than returning to cities from suburbs;

(b) About three-quarters of recent movers in cities had their previous residences in the same city;

(c) About three-quarters of newcomers in obvious reinvestment neighborhoods had a previous residence in the same neighborhood or city;

(d) Most cities still have areas of substantial blight, serious social problems, and fiscal difficulties; and

(e) Very little quantitative data exists on the extent of displacement or other adverse reinvestment effects.

The preceding facts, while doubtless true, in themselves have frequently been given unwarranted importance, in interpreting reinvestment issues and presented without important qualifying statements or supplementary information. In fact, there is little or no inconsistency between the above facts and the existence of a serious and rapidly growing problem of reinvestment displacement caused directly

by primarily middle-class whites of predominantly suburban or outer-city origins. How can this be?

First, even though there is still a net population outflow from cities to suburbs, this is not incompatible with reinvestment displacement in the inner city. Basically, the trend outward is an old one, now levelling off, and comprising increasingly black people, while the trend back is a new and small, but rapidly growing one. Moreover, the people moving out have more persons per household than those moving in, so that the same number of middle-income people requires a much larger number of housing units when moving to the inner city than when moving to the suburbs.

According to data from the annual survey of housing, the total number of households moving from central cities to outside central cities of American SMSA's grew 6.9 percent between 1973 and 1976. The number of households moving from outside central cities to central cities during the same period grew at over three times the same rate, 22.0 percent. For the black population, the "flight from the cities" grew a phenomenal 52.5 percent, while for non-Hispanic whites it grew only 3.3 percent. But for "return to the city households," non-Hispanic white households from outside central cities moving to cities increased by 20.8 percent, while the comparable figure for blacks between 1973 and 1976 was only 16.3 percent. Moreover, mover households into or within the city have a much higher tendency to have a different head of the household for all races than suburban movers. These figures not only support the metropolitan recycling theory in general but indicate specifically that there is a back to the city trend.

Second, it is normal for most movers to move from relatively nearby, regardless of whether they are moving into the city or into the suburbs. In 1976, 69 percent of all city mover households with the same head previously lived in central cities, while almost exactly half of all suburban movers with the same head—49.9 percent—previously lived in the same outside central city area. In fact, despite the much-bewailed "flight to the suburbs," outside central city areas in 1976 received only 22.6 percent of their new mover households with the same head from the adjacent central city, and only 8.8 percent from other central cities, and roughly the same has been true all during the post-WW II "flight to the suburbs."

From the suburban viewpoint, less than a third (31.4 percent) of their recent movers are households "fleeing the cities," while cities receive about a quarter (22.8 percent) of their households from noncity areas, for households with the same head.

There is one main reason why a high rate of within city movership by itself is not necessarily incompatible with reinvestment displacement or a "back-to-the-city" trend. First, most households tend to move to relatively similar, nearby areas. If someone has already moved to a reinvestment area in the city the typical pattern is to move nearby, perhaps to a less "discovered" area. Naturally, such a person shows up statistically with a previous residence in the same city. The same goes for suburbanites. You can only "flee to the suburbs" or "return to the city" once. What is important is whether an important and growing segment of middle-income housing purchasers are choosing marginally to move to cities and to stay there. That seems definitely to be happening and is far more important than misleading quibbling over whether more people are moving to suburbs from cities than to cities from suburbs. An interesting but disturbing tendency seems to have developed within HUD, within many public interest groups, and even within Congress. This is the tendency to wait until "sufficient" data are compiled before doing anything about the adverse effects of reinvestment. At best this strategy will cost years of delay, and at worst is a deliberate strategy for avoiding the issue. Anyone wishing to gather enough information to know that there is a serious problem and to gather pretty specific ideas on what to do about it need only spend a week or even a day meeting residents in the hundreds of American neighborhoods where displacement is a daily phenomenon. The National Association of Neighborhoods and my own neighborhood will be happy to help arrange such visits to anyone wishing to bypass the thicket of data and academic research.

#### SPECIFIC EFFECTS OF URBAN REINVESTMENT ON SENIOR CITIZENS IN NEIGHBORHOODS

In general there seem to be substantial adverse effects of reinvestment in inner-city neighborhoods on older Americans. While there are also some positive effects of urban reinvestment on senior citizens and cities, generally they do not

outweigh nor compensate for the adverse effects. Among the adverse effects I have seen or heard about nationally are the following: uncompensated eviction of tenants from rental units, for rehab, condominium conversion, or owner occupancy, rapidly rising real estate tax assessments, rapidly rising rents, loss of friends and relatives through reinvestment, displacement, loss of supporting institutions, personal contacts and facilities through reinvestment, loss of part time jobs, or voluntary activities, rising costs of food in nearby shopping areas or loss of nearby shopping altogether, loss of nearby physicians and pharmacies or rise in cost of such services, increased difficulty in walking in the neighborhood because of parked cars blocking intersections, and construction excavations and dumpsters, loss or decline in quality of public transportation routes, increased noise and dirt in the neighborhood, either temporarily during construction, or permanently through new uses, such as bars and nightclubs, harassment by landlords seeking to evict them or by realtors, speculators or private individuals trying to purchase their home, mental or physical illness including premature death resulting from the stress of forced relocation, loss of nearby open space for gardening, lounging or recreation, loss of eligibility for benefits under the community development program as the neighborhood becomes "revitalized," general loss of amenity and comfort as the neighborhood fills up with strangers and changes physically, often at a dizzying rate, problems understanding or coping with zoning remapping and often frequent zoning variances brought on by reinvestment, difficulty in coping with new or increased housing maintenance costs and administrative processes brought on by historic certification, damage to homes and injury to selves caused by nearby construction, general difficulty in coping with snafus, delays, inaction, and errors in governmental bureaucracy and contractors in section 312 and other "revitalization" programs as well as in dealing with social service and governmental agencies generally.

Let me now review a few specific examples of these adverse effects drawn from our experience in Queen Village. Queen Village is a neighborhood of about 7,000 people along the Delaware River waterfront in South Philadelphia, next to the well-known upper-income renewal project of Society Hill. The earliest settled area of Philadelphia, the rowhouse neighborhood contains numerous historic structures and a rich mixture of industrial and commercial uses, including the popular shopping and entertainment area of New Market and South Street. In 1970 the population was predominantly blue collar and about 60 percent white and 40 percent black. The white population was mostly of eastern European origin and mostly homeowners, frequently employed in the docks nearby. About half of the black population lived in the large public housing project in the south end of the neighborhood, and the rest was about evenly divided between tenants and home owners. The neighborhood was severely disrupted in the early 1960's by construction of the housing project in 1962, in the late 1960's by the construction of I-95 through the eastern edge, by fights over other highways, and, beginning about 1975, by massive reinvestment in homes and businesses. In the last few years, thousands of old residents have voluntarily or involuntarily left the neighborhood, and thousands of predominantly young, white professionals have moved in. At this moment there are over 100 new housing units under construction in projects of more than 5 units, dozens more in rehab or small numbers of new construction, and hundreds of other units planned as rehab or new construction. Most of the larger new units are on the site of former factories or nonresidential uses, so that the community is simultaneously losing its blue-collar jobs and gaining more housing units that it ever was designed to hold. Despite the considerable turnover and reinvestment, a substantial number of long-term residents still remain, many of them on fixed or low incomes. In 1977, according to the Pennsylvania Department of Public Welfare, 1,400 Queen Village residents received aid to dependent children, 525 persons received general assistance, 400 aged, blind, and disabled persons received aid through the supplemental income program, and hundreds more lived on pensions of one kind or another, many from the waterfront. While many of these persons lived in the housing project, particularly those on aid to dependent children, nonetheless these figures indicate what we know from living in the neighborhood—that a substantial portion of the remaining white and black population is older and on moderate or low incomes, and are thus particularly susceptible to adverse reinvestment effects.

Now let us examine a few specific examples of these effects. First, property tax reassessments. Since 1975 many of our homeowners, including many senior citizens, have undergone severe increases in their property tax assessments,

not because of any improvements to their properties, but solely because of renovation, new construction, or increased value of property sales on the same block. Attached is a list of some of our residents, with a short description of their economic and social status and their recent property tax assessments. As can be seen, many of these increases are over 200 percent in 2 or 3 years and occur frequently. (These materials were prepared by our association for appeals of the assessments. More on our association's efforts to lighten the tax burden on senior citizens will be discussed below.) It is worth pointing out that we receive frequent reports from our residents that when they discuss their tax assessments with the assessor, the assessor suggests they sell their homes and move out, in at least one case even reportedly offering to help the individual sell. This outrageous behavior does as much damage as the assessment itself, because it contributes to the feeling that one is being forced from one's own home and neighborhood.

Our association has done a number of things to combat rising tax assessments. We have constantly appealed for and are continuing to work for property tax reforms that would limit or postpone assessment increases stemming from rising market values until the property is sold. We have for several years conducted clinics in applying for the Pennsylvania senior citizen property tax rebate. This rebate has just been raised from \$200 to \$400, and is a help to those who apply for it. However, unless the rebate is raised substantially every year our people will still suffer because of our rapidly rising assessments. Also, not everyone eligible knows about the program, no matter how much we advertise it.

We have also organized a series of tax appeals. At the first level of appeal, asking reconsideration by the assessor, our people have sometimes found some individual relief. At the next level, the board of revision of taxes, our appeals have been adamantly rejected with the argument that property tax assessments must be made on the basis of market value only. We have in turn appealed this decision to common pleas court where our case suffered disastrously. First, it was joined to tax appeals of large corporations, who claimed their assessments were a higher percentage of market value in the city than were most residences which traditionally have been often assessed lower than 55 percent. Then, a few weeks ago the judge handed down his decision: he ordered a reassessment of all property in the city to bring it up to the legal level of 55 percent of market value. If this is done, our people will be destroyed by taxes. The property tax in Philadelphia is now 61 mills. The tax on a house assessed at \$10,000 is thus \$610. With the increased State tax rebate of \$400 the burden at this level on senior citizens is temporarily bearable. But assessment at 55 percent of market value would take the assessment of most of our single-family homes to within the \$25,000 to \$50,000 range, resulting in an impossibly high property tax bill of from about \$1,525 to \$3,050. If the court's ruling is upheld and if we do not have major tax reform, our people—homeowners and tenants—face a tax disaster that surely will force hundreds of those on lesser incomes from the neighborhood—especially our senior citizens—but might well burst the speculative bubble afflicting the neighborhood, force many of the newcomers already living on overextended credit to sell, and cause a collapse of the inner-city "revitalization" in Queen Village and elsewhere the city is so proud of.

Second; let us examine community development programs and senior citizens. Here our specific experience is that senior citizens as a group are among the most eligible, eager, and deserving groups for certain CD programs, such as section 312 rehabilitation loans and site improvements, but they often are seriously frustrated or disappointed by such programs. For several years we have been trying to get section 312 rehabilitation loans and grants in our neighborhood, with little success. Our neighborhood had been declared eligible for the program, and money has even been appropriated for us, but for the last 2 years reorganizations and other problems in Philadelphia's community development program have resulted in a virtual standstill in this program in Queen Village and, I understand, throughout most of the city. Of the approximately 100 people in Queen Village who have submitted names to our waiting list for this program, most are senior citizens or close to it. In the more than 3 years since we began publicizing and became eligible for this program five homeowners have received loans and grants, all in the first year, before the program was "reorganized." Two others just recently were given preliminary writeup interviews by CD staff. The rest are still waiting. The most extreme case is Mr. B----, a 92-year-old black gentleman who has lived in the community all his life. Two and a half years ago Mr. B----'s rowhouse suffered serious fire damage

to the roof, but was not otherwise seriously damaged. For two and a half years we have been trying to get an emergency loan or grant for Mr. B—, with no success, even though he is eligible.

Our office has made countless dozens of phone calls and inquiries on Mr. B—'s behalf, with no luck. We hear from some sources that if we had the right political contacts we could expedite Mr. B—'s case and those of the others, but we have gotten nowhere even through politicians. Mr. B— comes by our office about once a week, as he is still active and in good health, but we are despairing of ever having good news for him. But Mr. B— is not an exception: we have to make excuses to dozens of our senior citizens for a program we were promised but which has not been delivered.

Third, hundreds of our senior citizens, especially blacks, have been evicted from their apartments because the landlord or new owner wants to rehabilitate the building for luxury apartments or convert it to a single-family home. Few if any of these people receive any assistance at all because very little is available or required. Many of these people are far worse off in their new neighborhood, and suffer health, safety, and other problems which worsen their own condition and that of the neighborhood to which they have moved.

#### THE FEDERAL ROLE

Over the last half-dozen years I have become increasingly disillusioned with the idea that the best way to solve urban problems is to have the Federal Government spend lots of money for new or existing programs. At the same time, I am not in favor of drastic cuts or reductions in Federal money for social and urban problems, because such cuts would inevitably hurt the poor and the disadvantaged far more than they would serve to eliminate incompetent workers or unnecessary expenditures to consultants or for other purposes. Instead, I would recommend that the Federal Government focus primarily on its regulatory and incentive creation abilities than on new expenditures, although clearly there will always be necessary new expenditures, and I will even recommend some myself. But in all the fighting and debate over Federal expenditures for new programs to improve society—really since the New Deal—what is being neglected is the great power of the Federal Government to reorient, stimulate, encourage, discourage, and compel. I would like to apply this theme to several specific recommendations in the area discussed above—older Americans and the problems of neighborhood reinvestment.

First, the Federal Government can itself offer a property tax rebate or encourage States and localities to reform property taxes, so that these taxes do not force senior citizens and others into a lower standard of living or even from their homes because of neighborhood reinvestment. The greatest irony here is that senior citizens in reinvestment neighborhoods are usually the group that showed the most commitment to the neighbor in the first place by remaining there and working to improve it while their children and neighbors were moving to suburbia or Florida.

The Federal Government can itself offer a property tax rebate for senior citizens to alleviate this problem, or, through community development or revenue sharing or some other mechanism encourage State and local governments to do the same.

Second, the Federal Government should immediately modify section 2124 of the Internal Revenue Code, an amendment passed in 1976. This provision, ostensibly an attempt to help "revitalize" neighborhoods, gives developers accelerated tax depreciation allowances for rehabilitation of housing in historically certified areas.

While this new provision clearly has fostered increased housing reinvestment in such areas, it has contributed to displacement, indirectly penalized the owner occupant who wants to fix up his or her own home, and added more pressure to the already often wildly speculative and disruptive inner-city land market. In my opinion this provision is unnecessary and should be repealed. At the very least this benefit should be extended to homeowners, be tied to satisfactory relocation of displaced tenants before any tax benefits are received by the developer, and be tied to a functioning local program to help low- and moderate-income residents of historically certified areas to pay the extra costs of historically restoring their own residences and to purchase the building if they are tenants.

Third, it is becoming ever more clear that tenancy will soon be the permanent housing status of most Americans, not just of the poor or rich or a temporary way

station on the path to homeownership. Particularly in reinvestment areas, and especially to senior citizens who are tenants in such areas, economic forces are causing tremendous disruption and injury directly to the lives of tenants and indirectly to the neighborhood in which they live or did live, before being displaced. Particularly serious in reinvestment areas is the problem of long-term, stable, good tenants being evicted for condominium conversions or rehabilitation of the building for much higher rent apartments to which they are not welcome and which they usually cannot afford.

Tenants must be given the right not to be harassed from a building which the owner wants to rehabilitate or convert to another use. Tenants must be given the option of automatic renewal of their leases unless the owner has good cause not to renew it. Tenants must have the first right to purchase or return to the building or the unit in which they live, have credit extended to them by banks to do so, and receive governmental assistance to do so if necessary.

Fourth, where residents of a neighborhood are displaced by private or public reinvestment, they should receive relocation assistance, before property transfer registration, building permits, or other permissions or approvals of a governmental nature are given to purchasers or developers of property. This is the only way in which adequate relocation assistance in the form of services or money will ever be given to the thousands of people being displaced monthly from our neighborhoods through reinvestment. The Federal Government must make this a priority or it will never happen. Furthermore, the primary cost of relocation should be placed on the landlord, new purchaser, or developer, who frequently make tremendous windfall profits from their investments in "revitalizing" neighborhoods. Not only is it fair for them to pay for some of the costs of the problem they create and from which they benefit, but a prior requirement with costs partially on the landlord is the only realistic way in which to guarantee that relocation assistance will ever be extended to most displaced tenants.

Fifth, the Congress and the President should force HUD to take a clear stand in favor of urban reinvestment and revitalization without displacement and with adequate provision for solid, stable, and equitable reinvestment. HUD so far has largely avoided and obfuscated these issues, in part through a misguided sense that "saving the cities" is both incompatible with and more important than pursuing justice and equality for the very persons for whom cities are to be saved, particularly senior citizens of low and moderate income. While a full discussion of how HUD could fulfill its responsibilities in these areas is both available elsewhere and beyond the immediate scope of these remarks, it is increasingly clear to me that substantial progress in optimizing reinvestment for all and avoiding displacement could be made by a concerted effort, not to spend more government money, but to encourage the private market to reinvest in urban areas still needing reinvestment, and to discourage reinvestment where real or speculative demand is resulting in rapidly rising prices, displacement, and overdevelopment.

Finally, the Federal Government should continue to encourage and create incentives for the participation of responsible, democratically organized, general purpose neighborhood organizations in all phases of public life, particularly in dealing with the whole range of services for and problems of senior citizens in reinvestment neighborhoods. In our experience the few dollars spent for neighborhood office staff and the few flimsy citizen and neighborhood participation requirements in some Federal programs return many times their cost in program delivery benefits and in avoiding program and decisionmaking disasters. Unfortunately, neighborhood organizations spend an enormous amount of time fighting for themselves and their constituents for paltry resources, claiming their participatory rights where they exist, and asserting them where they are not legally supported.

Our Queen Village office spends countless hours watchdogging Federal, State, and local programs, undoing this damage of bureaucratic redtape, snafus, delays, and unconcern, and forcing officials to do their job properly, and then being repeatedly shut out of official decisionmaking processes, being faced with constant snags and delays in promised funding, and as a practical political matter being forced to publicly praise officials for doing what they were supposed to do in the first place.

I would never like to see neighborhood organizations become as fat and lazy and dependent on Federal largess as many sections of city governments have become. On the other hand, a "tilt" in Federal preference and policy toward neighborhoods at this time would cost very little money and pay substantial

dividends in improving the efficiency of existing programs and improving the quality of urban life generally, particularly for senior citizens.

Thank you very much.

QUEEN VILLAGE NEIGHBORS ASSOCIATION TAX APPEALS

(1) Mrs. Mary ———: Assessments: 1974, \$1,800; 1975, \$2,300; 1977, \$4,200.  
Mrs. ——— is a widow living on a fixed income. She bought her home in 1921 for \$3,500 and has made no major improvements over the years except for painting. Her home faces Interstate 95 and has suffered some structural damage as a result of highway construction. Mrs. ——— is a senior citizen.

(2) Agnes ———: Assessments: 1970, \$4,400; 1975, \$5,200; 1977, \$8,600 (after consultation with the assessor, 1977 was reduced to \$7,800).

Mrs. ——— is a widow living on a fixed income. She has not made any major home improvements over the years. Mrs. ——— is a senior citizen.

(3) Salvator and Alyce ———: Assessments: 1974, \$2,500; 1976, \$3,100; 1977, \$8,300 (after consultation, 1977 was reduced to \$6,600).

Mr. and Mrs. ——— are living on a fixed income. Mr. ——— is disabled. They moved into property on Monroe Street and have made necessary improvements to make the home livable. It was a vacant shell. They were forced to move because their former home was acquired by the State for the construction of I-95. Both ———'s are senior citizens.

(4) Stephen and Mary ———: Assessments: 1971, \$4,300; 1975, \$4,900; 1976, \$12,000 (after consultation, 1976 was reduced to \$5,700); 1977, \$8,000.

Mr. and Mrs. ——— are both retired and live on a fixed income. The ———'s have two small trinity houses in the rear of their property which they rent for \$65 a month and they are fearful that if their present assessment is not reduced they will be forced to raise their tenants rent which will result in a hardship since tenants are living on social security. The ———'s and their tenants are all senior citizens.

(5) Kascala ———: Assessments: 1974, \$2,900; 1975, \$3,600; 1977, \$8,300.

Mr. ——— is in his eightys, his daughter filed the tax appeal on his behalf. He is living on a fixed income. Mr. ——— purchased his home in 1923 and has not made any major home improvements over the years.

(6) Mr. and Mrs. Harry ———: Assessments: 1970, \$3,200; 1972, \$4,100; 1975, \$4,300; 1977, \$5,200.

Mr. ——— is a disabled stevedore and is living on a fixed income. He purchased his home in 1950 for \$3,000. A new front wall and gas heater were necessary improvements which were made in 1971.

(7) Stephen and Dorothy ———: Assessments: 1970, \$1,000; 1972, \$3,200; 1973, \$3,400; 1975, \$3,800; 1976, \$10,500 (after consultation, 1976 reduced to \$5,200); 1977, \$7,700.

Mr. and Mrs. ———, like the majority of residents filing appeals, are natives of Queen Village. The ——— have only made necessary improvements to their home.

(8) Joseph ———: Assessments: Prior to 1977, \$2,300; 1977, \$4,800.

Mr. ——— is retired and living on a fixed income. He has made no major home improvements over the years. He is a senior citizen.

(9) Walter ———: Assessments: 1974, \$6,700; 1975, \$10,400; 1977, \$19,800 (after consultation, 1977 reduced to \$17,400).

Mr. ——— purchased this property in 1952 for \$2,000, at that time the property was a vacant lot, he built an ——— shop on the property which he operates. The cost of construction was \$12,500. His shop services community residents. Property faces I-95, and;

Assessments: 1974, \$1,000; 1975, \$3,000; 1977, \$7,900.

Mr. ——— purchased this vacant lot in 1952 for \$1,000. The only improvements he has made to this lot is to keep it clean and free of debris. He also regularly cuts the grass. Property faces I-95.

(10) Pauline and Joseph ———: Assessments: 1965, \$3,100; 1977, \$5,300 (after consultation, 1977 reduced to \$4,600).

This property has been in the ———'s family for many years. In 1958 the present owners purchased the property from relatives for \$1. Their home is the only existing home on the block. No major home improvements and their property faces I-95.

(11) Gary ———: Assessments: 1966, \$3,200; 1972, \$5,400; 1976, \$7,300; 1977, \$10,400.

Mr. ——— is presently on DPA and is in very poor health.

(12) Helen ———: Assessments: Prior to 1977, \$2,900; 1977, \$5,100.  
Mrs. ——— is a widow on a fixed income. She has made no major home improvements only necessary improvements to the front wall of her property. She is a senior citizen.

(13) Alfreda ———: Assessments: 1976, \$4,000; 1977, \$8,300.

Mrs. ——— has made no major home improvements to her home.

(14) Jane ———: Assessments: 1971, \$2,200; 1977, \$5,700.

Mrs. ——— is a widow on a fixed income. Recently, Mrs. ——— has had several operations and is in poor health.

(15) Henry and Helen ———: Assessment: Prior to 1976, \$3,200; 1976, \$13,600 (after consultation, reduced to \$5,500); 1977, \$7,800.

Mr. ——— is a disabled stevedore and is living on a fixed income.

(16) Valentine ———: Assessment: 1977, \$7,200.

Mr. ——— has been reassessed in the past but we do not have the figures on file. He inherited his property from relatives. Mr. ——— is disabled and being forced to retire.

(17) Bronislaw and Helina ———: Assessment: 1966, \$3,200; 1976, \$5,200; 1977, \$7,500.

(18) Joseph and Helen ———: Assessment: 1977, \$6,600 (———'s have been reassessed in the past but no figures are available in QVNA files).

The ——'s purchased their property for \$3,500. The property is 75 years old. They have made no major improvements.

(19) Raymond ———: Assessment: 1977, \$5,900.

Mr. ——— was reassessed in 1975 but figures are not available in QVNA files. Mr. ——— has not worked in three and a half years due to an injury which occurred on the job. He purchased his property in 1973 for \$3,000 and has not been able to afford any improvements.

(20) Robert ———: Assessment: 1977, \$7,700.

(21) Dennis and Rita ———: Assessment: 1977, \$3,800.

(22) Jennie ——— (senior citizen): assessment: 1977, \$4,500. [Copy of original appeal retained in committee files.]

(23) Felix and Mary ———: [Copy of original appeal retained in committee files.]

(24) Laura and John ———: Assessment: 1977, \$5,100.

Mr. and Mrs. ——— purchased their property in 1964 for \$2,800. They have not made any major home improvements.

(25) Lawrence and Nancy ———: Assessment: 1976, \$4,100; 1977, \$15,500.

The ——'s purchased their property on July 12, 1976. At that time the deed of the properties was combined. Property "A" being 225 Carpenter (a vacant lot) and property "B" 227 Carpenter (existing rehabbed dwelling). The properties are now assessed as one.

(26) Mr. Charles ———: Assessment: No figures available in QVNA files.

Mr. ——— purchased the property in 1973 for \$13,500. He installed a new plumbing and heating system into the property at that time, at a cost of \$6,000.

Senator DeCONCINI. Thank you for your testimony.

Mr. Corwin, do you have questions?

Mr. CORWIN. Yes.

Mr. Weiler, recently you appeared on the Public Broadcasting System with Assistant HUD Secretary Embry, in a very similar discussion to the one today, and you made a statement during that broadcast. You said, "At present the market is defeating itself and defeating the purpose of saving the city." I wonder if you would just expand on that by explaining it, and by giving us some ideas of how we can encourage the market to work in a way which still guarantees profits but which has a less adverse effect on specific neighborhoods?

Mr. WEILER. Well, this is partly guesswork because I don't think we have had enough experience on the broad scale. But partly drawing upon the work of Rolf Goetze who was referred to in Senator DeConcini's opening remarks and also my own experience, I think this image of risk which perhaps was true 5 or 10 years ago is a self-defeating and in time limiting factor which leads investors from the insurance

companies all the way down to the individual prospective home purchaser to look only in the neighborhoods that the media has already established as a "safe revitalized neighborhood." By the time it makes it into Philadelphia Magazine or New York Magazine or whatever the local equivalent is, the neighborhood probably has far too many people trying to move into it so that even the recent reinvestors themselves are finding tremendous pressures and in some cases are starting to move out themselves.

So I would suggest that maybe we should proclaim a period of national confidence in our neighborhoods and say probably a lot of neighborhoods are capable of taking new people and would like to take them and can do so without very great risk as long as most of the neighborhoods are getting the reinvestment at the same time. The problem is that when only one or two get it, then everybody piles into those neighborhoods and cause displacement. I would imagine, and again this is sort of guesswork but the theory is that if we got more reinvestment spread out in more neighborhoods, we would have less displacement and more profit for private industry.

Mr. CORWIN. I have one very quick question. Inasmuch as you represent a national association of various neighborhood organizations which face very different situations in very different cities—do you see a danger that Federal programs, if they are oriented more toward neighborhood organizations, will they find their independence and effectiveness stifled as they try to conform to whatever model will most readily receive Federal funding? I guess in that question I am trying to find out if there is any common ground to what the organizations are looking for from the Federal structure.

Mr. WELER. I would have to reply for myself because I don't think our association has taken a position on this but very definitely, yes, I see a danger and my personal opinion—and I will probably be questioned closely on this after I go back, but I really think it is much more important for the neighborhoods to be given participatory rights than massive amounts of money. I think small amounts of money are critical. That \$10,000, that \$20,000 is critical but it is really the right to participate and the guarantee of a small amount of money which I think is more important than neighborhoods responding in a massive way or a large way as to Federal programing. I think it should be more interactive and more open. In a brief remark I don't know how to describe it more fully. I think the Neighborhood Housing Services is a model of how neighborhoods can work with the Federal encouragement without being stifled by it.

Senator DECONCINI. Thank you.

Mr. Lewis.

Mr. LEWIS. Can you put yourself in the position to say, on behalf of the association or individually that—we have talked so far in the hearing mostly about housing, but I would like to really expand beyond that issue to more integrated services at the neighborhood levels. Housing is a prominent problem for the elderly, but sort of a parallel issue is also services that go along with maintaining older persons in neighborhoods.

Has the National Association of Neighborhoods taken any look at that whole issue; that is, strengthen the whole issue of neighborhood development as well as neighborhood services to help elderly persons maintain themselves in a neighborhood area?

Mr. WEILER. Well, we did receive the first national VISTA grant to a national group directly for neighborhood associations and many, if not all, of those VISTA's were either to senior citizens or to work with senior citizens.

Other than that, we have not treated the subject as a special issue except that we recognize the interdependence of the whole fabric of the neighborhood life. I am not sure if I have gotten the thrust of your question.

Mr. LEWIS. What I am trying to focus on is, the next two panels have had an opportunity to speak to just looking more beyond the issue of housing and neighborhoods. I think housing is an important issue, but I think there is more to the issue of neighborhoods than just housing.

Mr. WEILER. Certainly.

Mr. LEWIS. Then we need to focus not just on the primary issue of housing, but how do we integrate that which exists at the neighborhood level without a lot of Federal involvement to maintain existing neighborhoods, particularly the elderly persons that live in those neighborhoods? Mr. Fleming pointed out, it is commendable with what they have done so far, but I think what you pointed out before is, that we really don't need, at this point, a lot of Federal dollars at the local level. Perhaps what we need is a greater commitment by localities to be prepared to take care of themselves.

Mr. WEILER. Yes. I think I see what you are getting at and I would say that we have to have responsible neighborhood participation as a full partner in whatever is going on. Sometimes that is a challenge to other agencies and governments. Sometimes neighborhoods are not responsible but it is an unavoidable prerequisite of success in the structure, it is the lowest level of social organization above the family.

Our experience has been very good, I would say. Just as a very brief example, dozens of developers have thanked my zoning committee for giving them a rough time because by doing that we saved them from making disastrous mistakes. They had the money and they were going to build things that were not going to work for them or the neighborhood, so in our way we have contributed to revitalization not because we have money but because we have skill. We have the knowhow to make the money work correctly, work for the interests of the city and the neighborhood and the investor. That is just one kind of example.

Mr. LEWIS. Thank you.

Senator DECONCINI. Ms. Wilson.

Ms. WILSON. No questions.

Senator DECONCINI. Thank you.

Our next witness will be Ms. Phyllis Myers, senior associate, the Conservation Foundation, Washington, D.C.

#### STATEMENT OF PHYLLIS MYERS, SENIOR ASSOCIATE, THE CONSERVATION FOUNDATION, WASHINGTON, D.C.

Ms. MYERS. Mr. Chairman, my name is Phyllis Myers.

A small grant from the Administration of Aging enabled the Conservation Foundation to examine the implications of neighborhood revitalization for the sizable, growing, and often hidden elderly popu-

lation in cities. My interest in this area of research was triggered in the course of more general research about neighborhood revitalization efforts across the country. I sensed that revitalization was a term that could, by its imagery, be insensitive to the elderly. On the other hand, policymakers might think of the elderly as people who didn't belong in a revitalized neighborhood, who were overhoused if they were homeowners or transients if they were renters. On the other hand, the new trends in cities could also hold out opportunities to improve the conditions of the elderly living there.

I will briefly report the main findings and recommendations of the study which are elaborated on in greater detail in the written statement that I have submitted to the committee.

As others have said here today, we don't know how many elderly people are affected by revitalization activities, nor do we know how much displacement overall is occurring, or even how much revitalization has occurred. But we can say that revitalization is increasing, and the trend has strong forces underlying it, and that the numbers and proportion of elderly living in cities is also sizable and increasing, especially in older cities.

At the neighborhood level, I, like others here, have encountered only rough estimates of how many elderly are in a particular neighborhood. They are often hidden or alone. These estimates often come to 20, 30, 40 percent, sometimes even more. We need to single out these older persons for closer examination, and not just group them in a category of "poor" or "minority," because first, not all of them are either poor or minority and second, as a group they have significant, relevant characteristics. More are homeowners, for example, but more of them live alone. More are women and white as the group ages. Many have low incomes and poor health.

But more important than these statistics are the psychological insights which emerge from research on the aging which stresses the special meaning of home to an aging person, the trauma of an involuntary move, and the importance of family associations and the community network in extending an elderly person's ability to live outside of an institution in various degrees of independence or assisted living. Research on urban renewal programs serve as a reminder that the elderly, as a group, paid a heavy price in involuntary relocation.

Another finding in the research is that, when asked, the elderly overwhelmingly say they want to stay where they are. In the 1975 annual housing survey, for example, 89 percent of the elderly homeowners said they didn't want to move despite their complaints about the neighborhood in response to a census inquiry. The census never asked them what they liked about the neighborhood, incidentally. It was also true that 87 percent of the renters didn't want to move. Sometimes there is a tendency to think of renters as transients whereas renters, particularly those who are elderly, may have lived in particular areas for a long time.

The research on involuntary relocation during urban renewal and the escalating costs of providing new housing for the elderly, which we are now aware, is not just a housing unit but must also include a network of services for the elderly means, if only on a practical basis, that much more emphasis needs to be put on keeping the elderly in their homes and communities. This emphasis makes particular sense as

city neighborhoods revive. The familiar neighborhood may have stores which will again be occupied. Public services are improved. Certainly there continues to be many urban neighborhoods where the old imagery is true—where the elderly are terrorized and public policy should help them to leave—but we also have to make room in our minds for this more positive view of the resources that cities provide for many elderly residents, even in what other people may see as blighted neighborhoods.

The elderly can be an asset in the effort to create stable urban places. In neighborhoods where the elderly are part of the renewal strategy, the result is often in a more interesting and stable area, with an emphasis on local history and culture, or opportunities for elderly to be busy and make money in mom-and-pop shops, fresh food markets, craft and ethnic fairs, home needle shops, and so on.

My recommendations fall into six main categories.

First, we need much more information about the independent elderly, those who are living outside of institutions. Research, like policy, has tended to focus on the dependent elderly. Some encouraging efforts in this direction are underway now at both HUD and HEW. It is very important that such data-gathering efforts inform policymakers. However, I also welcome Mr. Fleming's statement that policymakers will not wait for these longitudinal, long-range data before making some appropriate programmatic responses now.

Second, services for the elderly should be restructured to extend more aid in the communities, especially as neighborhoods revive. In recent years, more emphasis has been placed on home maintenance, chore services, energy conservation, crime prevention, and neighborhood community centers. This should continue and be augmented. We need to find more ways to help the elderly with the real-world problems they face.

Third, we need to know more about different kinds of revitalization strategies which are aimed at combining urban reinvestment with equity, and how they affect different groups of elderly, for example, life estates, reverse mortgages, section 8 subsidies, facade easements, outright grants, low-interest renovation loans, and so on.

Fourth, we also need to look at the increasing involvement of Government in economic revitalization partnerships with the private sector and consider what this implies in the way of responsibility for the impacts of these programs, for example, relocation planning and compensation in case of relocation.

Fifth, public programs tend to emphasize building new housing while good buildings are empty.

When it is not possible for elderly to remain in their homes, the possibility of converting existing vacant buildings in the community—like schools, hotels, and factories—for housing for the elderly should be explored. This could contribute to the neighborhood revitalization effort and provide satisfying, less costly housing for seniors, who can then use the existing neighborhood facilities like parks, public transportation, stores, and keep up their network of associations in the community.

Finally, officials, private developers, and citizen groups should anticipate, as they get involved in city neighborhood revitalization efforts, that there may well be many elderly affected, and tailor their

efforts accordingly, drawing on the experience of others like the neighborhood housing services staff, neighborhood groups, city officials, area agencies, and others who have dealt wisely and positively with elderly residents.

I do not have a pat formula to recommend as to how we solve the problem we are addressing this morning. Reinvestment is good for cities and, overall, beneficial to residents. The elderly were not well served in urban neighborhoods where they were trapped. The extent to which they will benefit from neighborhood renewal will depend on the creativity, capacity, and sensitivity of local people, and the ability of Government to provide flexible resources in response, and to assist in transferring information about ways these references can be used.

Many crucial decisions will not be made by Government. This means the elderly advocate groups also need to change their focus, values, and attitudes. The new trends in cities provide us with special opportunities to look at old problems and create models of exemplary urban communities.

[The prepared statement of Ms. Myers follows:]

#### PREPARED STATEMENT OF PHYLLIS MYERS

Mr. Chairman, I am Phyllis Myers, senior associate of the Conservation Foundation in Washington, D.C., a private, nonprofit research and communications organization. In its various programs, the foundation views cities, as well as natural areas, as assets which need to be conserved and managed in ways that balance the Nation's social, economic, and environmental goals.

The unexpected rebirth of neighborhoods across the country is a welcome phenomenon, the best hope for cities in a long time; however, as a New York Times editorial observed last week, it "exact's a price." What is that price? What could or should government do about it? This committee's timely hearings call together, for the first time, two important constituencies—persons interested in neighborhood conservation and policymakers in the aging field—to begin a dialog on how to shape constructive policies for a particularly vulnerable group—the elderly.

Little is known about how neighborhood conservation is affecting these long-time residents of cities—on the positive or negative side. A small grant from the Administration of Aging of the U.S. Department of Health, Education, and Welfare enabled the Conservation Foundation to look more closely at the sizable, growing, and often hidden elderly population in cities in the context of how different kinds of renovation activities were affecting them. On one level, the study, published last week, is about displacement and opportunity for the urban elderly in reviving neighborhoods; more broadly, however, it brings together insights from the neighborhood revitalization movement and elderly research which call on us to rethink the values that underlie national housing policy for the aging.

Three examples illustrate why I believe this dialog between neighborhood conservationists and advocates for the aging is so important:

In a Maine town, the revitalization plan of a bright young community development director combined three facts: (1) many poor elderly were living in neglected colonial houses in the towns outskirts; (2) many 3- and 4-story buildings on Main Street were vacant; and (3) a new market of young people was looking for homes in rural areas. The official's plan was to use community development block-grant funds to move the old people out of their houses into town, and the newcomers into the outlying clapboard homes.

In St. Louis, a major university has taken a welcome interest in reviving the surrounding community in a plan which now emphasizes conservation. With the aid of condemnation powers and code enforcement, about 40 single-family homes were designated for extensive rehabilitation. Over a third were owned by elderly persons who had neither the funds nor psychic and physical energy to do the work. Although community development block-grant funds and other Federal and city programs paid for landscaping and bricking the streets and other design improvements to create a pleasant residential environment, since dislo-

cation was not the result of direct Federal action, uniform relocation procedures and payments did not apply.

In Bridgeport, Conn., public officials are promoting the city in order to spark some revitalization spirit. They are looking hard for new uses for the many vacant, still solid turn-of-the-century buildings in downtown. The newest building in Bridgeport, some blocks away from the downtown, is a round high-rise structure-housing for seniors. It sits in a largely vacant six-block area cleared with the help of millions of dollars of urban renewal and block-grant funds for property acquisition, relocation payments, and site preparation. The \$3 million cost of constructing 101 new housing units is guaranteed by the State. So far, money to create a parklike setting for the building is not available.

In all these examples, there is a welcome new way of looking at the cities' physical structures. Saving and renewing old buildings and neighborhoods is not only a realistic use of resources, but a policy that will give our cities and growing rural places more style, distinction, and physical continuity.

But the first two examples also show how neighborhood conservation—like urban renewal of the past—can routinely view the elderly as people to move on, who don't belong in a revitalized neighborhood, who are "over-housed" if they are homeowners, or "transient" if they are renters. Assumptions are being made about what is good for cities and what is good for the elderly with little involvement of those affected. In the Bridgeport example, we see the typical expression of the Nation's housing policies for the elderly: a costly new building, isolated from the community and downtown activities, and planned apart from current community development strategies. Too much time has elapsed between razing the area and development for the building to house the elderly who were displaced.

The following are the main findings of my recently published study:

1. We don't know precisely how many old people are affected by neighborhood revitalization. Nor do we know how much displacement overall is taking place in response to revitalization, or even how much revitalization is occurring. We can say, however, with some confidence that considerable rehabilitation is occurring in neighborhoods all over the country, that strong forces underline the trend, and that private interest, neighborhood involvement, and government support are quickening. If this goes on, displacement—which is probably occurring significantly in only several cities now—could become a more important, even explosive issue.

An important point needs to be made about the twin phenomena of revitalization and abandonment now characterizing our cities. Both neighborhood renewal and population loss can and do occur in the same city, and even in the same neighborhood. The empty structures that pose a problem in blighted neighborhoods can be a resource in neighborhoods undergoing revitalization.

While there are no over all statistics on how many elderly live in revitalizing neighborhoods, we do know that one-third of the elderly live in cities, and that the proportion of elderly is higher in our largest cities, and that the Nation's population as a whole is aging. Between now and 1988, those aged 65 and older will increase by almost 5 million or 20 percent. As for elderly population in particular neighborhoods, the 1980 census will provide more data; meanwhile, I—like others working at the neighborhood level in older cities—have found sizable proportions of elderly residents. To cite some local estimates in renewing areas, in Detroit's Woodbridge neighborhood, 80 percent of the houses are said to have elderly occupants; one-third of the residents of the Central West End and the Soulard neighborhoods in St. Louis are elderly; 40 percent of the Pike Place Market area in Seattle are elderly and low income; and Fells Point historic district in Baltimore has 20 percent elderly; about half of the people in the single-family homes in the Detroit neighborhood surrounding General Motors, proposed for a major conservation effort, are elderly. Many elderly are "hidden"—that is, they are loners and roomers in city neighborhoods and their presence is not always a statistical certainty.

2. Neighborhood conservation policies need a special focus on the elderly because they differ in significant ways from an urban population grouped as "poor" or "minority." Over half of the elderly in cities live alone; many have low incomes or are in poor health. Due to the differential mortality rates, there are more women and more whites in older age groups. Many are homeowners—more than any other age group.

More important than these statistics are the psychological insights of research on the aging which stress the special meaning of home to an aging person, the

greater trauma of an involuntary move, the importance of familiar associations and the community network in extending an elderly person's ability to live independently. These are consistent with ideas about the importance of place and continuity with which we have become so aware in the neighborhood movement. What are amenities at some ages can mean life itself to the elderly.

3. The elderly overwhelmingly want to stay where they are. Researchers have persistently ignored the implications of this repeated preference. In the 1975 annual housing survey, for example, 89 percent of the elderly homeowners said they didn't want to move, even after listing all their complaints about the neighborhood in response to a census query. This was true also of 87 percent of the renters. Incidentally, no one asked them what they liked about the neighborhood. The same percentage wanting to stay—89 percent—emerged in a recent study of the elderly in an Australian city. Some other suggestive data: voluntary mobility among the elderly seems to be very low; many elderly renters and so-called transients appear to be attached to certain neighborhoods for long periods of time; studies show elderly occupants rate their living quarters as less blighted than the visiting researcher.

4. The research on involuntary relocation during urban renewal, the escalating costs of new housing for the elderly, and the growing numbers of elderly in our country argue very practically for a housing policy which, as a first step in a continuum of policies, puts more emphasis on keeping the elderly in their homes and communities. The elderly were particularly hard hit during urban renewal, when government failed to provide more standard housing units than it demolished, despite massive spending. Today, new housing for the independent elderly under HUD's 202 program costs \$33,000 per unit; most of these are occupied by persons living alone. These are construction costs which may be supplemented by other public funds; the figure is exclusive of rental subsidies and social services. In view of inflation and the need to recreate a community network as well as build a housing unit, there is no way, realistically, to expect new construction to address more than a fraction of the currently projected needs of the independent elderly for housing.

5. Neighborhood conservation can hold out many new opportunities for elderly residents by improving the familiar neighborhood, lessening crime, raising the level of public services, and reviving local stores. One of the reasons for the focus on relocation and new construction for the elderly is that the image of the city held by many officials is a very negative one. Without diminishing the severe problems faced by the elderly in many urban neighborhoods, we must also make room, in our attitudes and institutions, for a more positive vision of the range of resources cities provide, and for the increasing impact of local, grassroots self-help efforts to improve the functioning of neighborhoods. Policies which emerged out of the urban renewal mentality need to be reconsidered in terms of newer perspectives about conserving cities.

6. The elderly can contribute to the effort to create distinctive, stable urban places. Much as reinvestment and the return of the middle class to city neighborhoods is welcome, a cookie-cutter image of urban revival based on boutiques, gaslights, pedestrian malls, hanging plants, and young lawyers is a limited urban vision. Chinatown in San Francisco, the Pike Place Market Historic District in Seattle, the Souard Historic District in St. Louis, the East Patterson Park NHS neighborhood in Baltimore, the Victorian Historic District in Savannah, the Woodbridge community in Detroit, are more interesting, often more stable, as well as humane, urban places because they value older residents. Moreover, fresh food markets, craft sales, mom-and-pop shops, ethnic fairs, and home needle industries create activities and earning power for the elderly in reviving neighborhoods. The needs of the elderly for special housing also point to the prospect of adaptive reuse of vacant community buildings, like schools or factories.

7. The various renovation strategies going on in cities need to be examined for their impacts on the elderly. The policy implications of different degrees of government involvement need to be considered, for example. While almost all renovation activity receives governmental aid of some sort, much of it has been primarily spontaneous, privately initiated activity. As private reinvestment goes hand-in-glove with some governmental role—in historic districts, in private/public partnership projects of the type cited in St. Louis earlier, neighborhood housing programs, homesteading activities, and so forth—public responsibility for the fairness of these programs, and the manner in which they address significant urban goals, take on a different character. The cooperative projects

for urban development projects will present new dilemmas for government agencies about relocation payments and responses to projects which will cause sizable relocation.

Looking at renovation through the special lens of the elderly can also inform and improve local abilities to use effectively the web of resources the Federal Government has provided for neighborhood conservation efforts and integrate these with services for the elderly. We need to learn more about how innovative strategies, which can be compatible with reinvestment and minimization of dislocation, affect the elderly—such as expansion of conventional credit, high-risk loans, facade easement, section 8 subsidies, outright grants, neighborhood self-help efforts, homeownership incentives—and to find ways to communicate this knowledge to major local public and private actors. From my research it looks as if the elderly, compared with other affected groups, are very prudent about paying back loans for housing improvements, more intimidated by government policies which call for code enforcement or put liens on the house, and more in need of special counseling and attention.

My recommendations fall into five main categories:

1. We need much more information about the independent elderly. Research, like policy, has focused on the dependent elderly. We know very little about the lives of the independent elderly, including the homeowner. There are some encouraging new developments at HUD and HEW to identify important research gaps and data needs about the independent elderly. Care should be taken however, not to delay actions until comprehensive, longitudinal data are gathered and analyzed. Some sensible needed responses can be made now.

2. Services for the elderly should be restructured to extend more services in the communities, especially as neighborhoods revive. Such programs as home-maintenance services, energy-conservation assistance, crime prevention, access to communal-type living arrangements all need to be encouraged. Code enforcement should be handled very sensitively while repair services, including changes to accommodate special needs of residents, are very needed. An excellent program in Detroit, the combined efforts of social service practitioners and historic preservationists, provides a combination of outreach and free maintenance services—a ramp for an amputee, locks for the door, weatherstripping of leaded glass windows, and so forth, to elderly homeowners. Interesting features of the houses are carefully protected so that a future, more affluent owner may restore them.

3. Public programs now build new housing, while good buildings are empty. When it is not possible for the elderly to remain in their homes, alternative housing in the community, or adapted older buildings—like schools and hotels—should be fully utilized for senior housing. In Souldard, in St. Louis, State funds are backing the conversion of an abandoned factory into senior housing; in Massachusetts, converted schools now house elderly persons who once learned the alphabet there—again with State funds. Developers of these projects claim considerable money has been saved; at the same time the reuse of familiar community landmarks is a stabilizer in the community environment. Further savings may be realized from the use of existing medical and social services, public transit, stores, and parks—as well as the absence of the need to clear the site and relocate occupants. We need to understand more about the incentives which continue to favor new construction in federally funded elderly housing construction, and the comparative social and economic costs of adaptive reuse versus new construction.

4. Public and private officials and citizens groups working with revitalization strategies should expect to find many elderly in city neighborhoods and sensitively tailor their efforts to this reality. Even if there are not a great many elderly, they will probably require special counseling in any program that affects their homes. Information about how an array of revitalization tools affect the elderly should be gathered and made available. Area agencies, elderly advocate groups, and neighborhood conservationists need to combine their resources at the local and neighborhood level to address the problems, as well as the opportunities.

5. Responsibility for the elderly is fragmented among government agencies, as are policies which address urban conditions. A focus for the independent elderly—which informs all relevant government programs—is needed.

While these seem very commonsense approaches in a society expecting a 20-percent increase in elderly within 10 years, there are—as you know—many barriers to progress along these lines. There is no single formula, no one program or institutional delivery system to recommend. The neighborhood conservation perspective has made us especially sensitive to the fact that successful strategies

are dependent on local creativity and the tailoring of programs to local resources. The change in trends in cities offers ways, however, for us to look at old problems with some new opportunities for creating models of exemplary urban communities.

Senator DECONCINI. Thank you very much.

You call, in your statement, for a focus for independent elderly in Government programs. We have an Administration on Aging which is supposed to be performing such a role. In your opinion is it doing so, and if not, do you believe it can take on the responsibility of coordinating the Federal effort within the neighborhood context?

Ms. MYERS. Well, they did support this research so I am hopeful. In several ways they have indicated interest in turning more attention to this group, but I think that it is fair to say that at this point most of their efforts have gone into the emphasis on the neediest elderly and the institutionalized.

Senator DECONCINI. Do you anticipate greater participation from the Administration on Aging in studies and efforts like yours?

Ms. MYERS. They have indicated such an interest.

Senator DECONCINI. Mr. Lewis.

Mr. LEWIS. Where will your research take you next? You come up with these conclusions and findings and then pass them on to the Administration on Aging. What will the Administration on Aging do with them? What role will the Conservation Foundation now have in terms of the elderly? Will it be a continuing role?

Ms. MYERS. Well, the Conservation Foundation has examined urban conservation as an important aspect of our research and communications efforts in environmental issues. We are looking at important constraints to conservation activities in cities, as well as opportunities, and in that context focused on the elderly. I think one of the things that needs to be done is to expand the dialog, such as we have this morning, among different kinds of groups whose actions affect cities—the private sector, government, and different interest groups. One of the things that we are thinking of is how best to do that, how to expand the awareness of this important issue.

Mr. LEWIS. That was the concern of Mr. Fleming with the Commissioner of Aging of the Administration on Aging.

Senator DECONCINI. Thank you very much.

Our last witness is Solomon Jacobson of the Institute for the Study of Human Systems, Inc., Columbia, Md.

Please proceed.

**STATEMENT OF SOLOMON G. JACOBSON, ASSOCIATE DIRECTOR,  
INSTITUTE FOR THE STUDY OF HUMAN SYSTEMS, INC.,  
COLUMBIA, MD.**

Mr. JACOBSON. Thank you, Mr. Chairman.

I know the hour is getting late and my colleagues have other ideas they would like to discuss. I will speak very briefly about an approach which has been tested in Ann Arbor, Mich., and which may serve as the model for organizing the elderly in an approach to improve their own neighborhoods. We hope this approach will be looked upon by neighborhood associations throughout the country as an example of how to focus services for the elderly by using elderly residents themselves in cooperation with residents of all ages.

The impetus to neighborhood senior services—NSS—at Ann Arbor in drawn from two major themes. The first theme was the community planning approaches that have been developed in Detroit, Mich., where small bounded areas were selected for intensive physical rehabilitation. That approach seemed to have a way of drawing residents into the problems of the neighborhood.

The second theme comes from the problems of delivering services to the elderly. In 1972, there was no merger between these two themes. Several staff people at the Institute of Gerontology at the University of Michigan attempted to merge these two themes into what was called the neighborhood approach, and that was essentially an attempt to ask older residents and other residents of an area to organize together to consider the problems of their neighbors who might be frail, who might be impaired, and who might need some help. My testimony will cover in detail the growth of neighborhood senior services from a kitchen table organization to an organization which now serves over 60 people a month and has contact with every older resident in the north side of Ann Arbor. NSS provides information to older people who need services and also provides a way of keeping in touch with those persons who have some problem.

The concept of neighborhood senior service is not to replace but to supplement formal services by voluntary efforts of neighbors helping their neighbors. This is done in as unobtrusive a way as possible.

The physical aspects of the neighborhood approach, I think, are most interesting to this panel. The individuals involved with NSS have worked on problems of property tax reduction, home maintenance, and on street repair. They are in contact with the seniors in Ann Arbor and with the spokespersons for the needs of older persons. NSS has been active in reducing property taxes and getting roads paved and in establishing an ongoing system of chore services provided by neighbors fraternities, and by other volunteers.

In general, an organized neighborhood senior service organization can help deliver services to older people in a manner which is acceptable to them. It is a relatively inexpensive and cost-effective approach but that is not the most important factor here. The most important factor is that a tradition of shared concern is being built by younger and older residents within the boundaries of single neighborhood. It is a tradition that will hopefully last so that a future resident in that neighborhood will say: "We help our older people in this neighborhood. We don't know how the tradition started but it is here and we are glad it is here because it will be here when we retire." That is what the neighborhood approach is all about. Hopefully, neighborhood senior service organizations can be established throughout the country and can help direct some of the social and physical programs that are necessary to help older persons remain in their homes in peace and in dignity.

[The prepared statement of Mr. Jacobson follows:]

PREPARED STATEMENT OF SOLOMON G. JACOBSON

My name is Solomon G. Jacobson. I'm associate director of the Institute for the Study of Human Systems, Inc.

I represent Neighborhood Senior Services, Inc. (NSS), of Ann Arbor, Mich., which is a model for the organization of neighborhood residents to serve their older neighbors. The members of NSS and myself are grateful for this oppor-

tunity to present our views and findings to the Senate Special Committee on Aging. We recognize that the committee has been a leader in calling attention to matters concerning the elderly. We have been working on a neighborhood approach since 1974 and believe there is a real need to examine the neighborhood as a basis for serving the elderly.

My statement will focus on the positive role organized groups of neighbors can plan in improving service delivery for their older or impaired neighbors. The neighborhood approach differs from other programs by working within the boundaries of existing neighborhoods. Although the approach may require the assistance of a community organizer when it starts up, it promises to build a tradition of service by neighbors for their elders neighbors in this Nation's neighborhoods. Instead of replacing existing agencies or programs, it primarily provides a neighborhood base for the delivery of services acceptable to older people. Instead of generalizing about the elderly, it treats each individual with the dignity and respect they deserve as neighbors. Instead of relying on Federal funding, the neighborhood approach is a local effort which can create a climate of concern for the elderly and makes retirement more comfortable for those remaining in their neighborhoods. While members of this panel will discuss the problems elderly persons experience in remaining in their neighborhoods, this statement will reflect an approach which has worked in one neighborhood and can work in others. It is our hope that the important problems raised by my colleagues to be considered by this committee can be solved, in part, by adding the neighborhood approach to the existing supports for the elderly—that is, groups of residents organized on a neighborhood basis to assist in serving their elder neighbors.

There are important reasons for focusing on neighborhoods:

- (1) Over 70 percent of all elderly people live in homes they own.
- (2) Over 80 percent of all elderly express satisfaction with their neighborhoods.
- (3) Over 85 percent of all elderly are able to function normally within their homes and neighborhoods.
- (4) Over 98 percent of all elderly, if they move at all, will remain within a few miles of their previous home.

I appear here as an advocate of the neighborhood approach to serving the elderly. With others, I helped found Neighborhood Senior Services, Inc., in Ann Arbor, Mich., in 1974. NSS is an organization which serves the elderly within their own neighborhood on the northside of that campus community. I am also a researcher, currently conducting a study on caregiving in the minority community for the Institute for the Study of Human Systems, Inc., under an Administration on Aging grant.

Frankly, however, there has been very little research on the role of neighborhoods and the elderly. Consequently, my comments are based on the experience of one organization, Neighborhood Senior Services. It is my hope that it will serve as a model for similar associations throughout the Nation. In time it may be possible to compare and contrast the neighborhood approach with other ways of helping people live full lives in their homes. Where appropriate, I will cite examples from NSS or from the few models and studies of the neighborhood approach which are now underway.

#### REQUISITE CONDITIONS

The neighborhood approach may work where several conditions are met:

- (1) There is a concentration of older persons living in an area which, by consensus or by official recognition, is a distinctly named and bounded neighborhood.
- (2) There is a concentration of housing units and social services which meet the needs of older persons.
- (3) There is support for neighborhood improvement by both residents and local officials.

It might appear that the neighborhood approach would not work efficiently in rural areas. Ironically, however, it may be in rural areas that "neighboring" is much more common than in many urban areas. In the isolated communities of the Great Lakes States and the Southwest, for example, there are elaborate traditions of helping neighbors. However, except for townships, there are no neighborhoods in rural areas. The great success of the Agricultural Extension Service and such organizations as the Grange indicates that it is possible to reach out into rural communities in an organized and systematic manner. In townships across the country, there are senior citizen associations which work ef-

fectively on behalf of their homebound neighbors. So the basic concept, support for one's neighbors, appears to be applicable in any area where there are a few concerned persons willing to create or reinforce a tradition of support for incapacitated persons.

The neighborhood approach cannot work under all circumstances. The approach would not be a high priority in areas where there is extreme poverty, in areas of high rentals and low home ownership, nor where housing is badly deteriorated or crime rates are high. This is not to say that neighborhood action against crime, for example, is inappropriate, but rather that volunteer services to the elderly take lower priority in such stressful situations. These limitations do not detract from the neighborhood approach, however; there are no programs which work effectively in every situation. Specific solutions for our most needy and impoverished areas are matters of national concern which must be addressed through income and job programs, rather than through the volunteer methods suggested in this statement. However, millions of older persons could benefit from a neighborhood approach, at a net cost of about \$2.50 per year for each person.

#### POSSIBLE SCOPE OF NEIGHBORHOOD PROGRAMS

How many older persons could be served by a neighborhood approach? That would depend upon the number of neighborhoods which can support an organized group of residents who concern themselves with their older and handicapped neighbors. There are about 150 cities with a population of 100,000 or more. These contain about 70 million persons. If we assume that a neighborhood contains about 20,000 persons, then we have about 3,500 neighborhoods. Since the elderly make up at least 10 percent of the population, we have 7 million elderly persons living in those neighborhoods. Let us say that half of these neighborhoods can support a neighborhood service organization similar to Neighborhood Senior Services. We would then have the potential of reaching 3,500,000 elders in 1,750 neighborhoods. Since about 15 percent of the elderly are in need of supports, this would mean that 525,000 elderly at risk of institutionalization would be served by organized groups of neighbors. In other words, I would estimate that 17.5 percent of all the elderly in the United States could have contact with and support from their friends and neighbors in an organized approach which will soon, it is hoped, become traditional in this Nation.

#### COST

What would be the cost of the neighborhood approach? The basic operating expense of a service group would range from \$2,000 to \$5,000 per year. This would cover such basic expenses as telephones, mailings, supplies and equipment. It could also include the part-time services of a staff member or work-study student. The basic operating expenses could be by a combination of local fund-raising and allocations from local governments. While direct Federal grants would not be appropriate, the option of providing a portion of the operating expenses from block grants or discretionary funds should be left open to local governments and units on aging. These operating expenses are the only "new" dollars required to introduce the neighborhood approach. If a neighborhood service organization operated by neighbors is successful, it would soon be in a position to administer a limited number of projects, such as outreach or transportation, which could be financed from existing program allocations. However, the basic purpose of the group is to facilitate the delivery of services and it should not compete with existing agencies which are performing adequately in the neighborhood.

#### BENEFIT

What would be the benefit of the neighborhood approach? Let us take our estimate that 1,750 neighborhoods could support a group of volunteer residents serving the elderly. If the basic expense of each group were \$5,000 per year, this would require \$8,750,000 in new funds raised locally each year. The neighborhood approach would serve about 3,500,000 people at a basic cost of \$2.50 per person per year. Since we estimate that 15 percent of these elderly would be at risk, the neighborhood approach may avoid or forestall institutionalization for 525,000 persons. If the additional costs of institutionalization are estimated at \$2,500 per year, then we could say that forestalling institutionalization for 3,500 persons per year, or less than 1 percent of those at risk, would pay for the cost of the entire program. Put differently, if such neighborhood services made unnecessary the

placement of one person in an institution, the savings would pay for maintaining such services for 150 people for 1 year! The potential benefit of the approach and its reduced costs make it worth considering as an additional technique in serving our Nation's elderly.

#### ESTABLISHING NEIGHBORHOOD SERVICES

If successful, a neighborhood approach to serving older persons will result in the following activities:

- (1) Finding older residents who need help to maintain themselves.
- (2) Organizing supports by friends and neighbors for older persons.
- (3) Relating the needs of older residents to appropriate service agencies.
- (4) Monitoring the well-being of older neighbors.
- (5) Following up on those elderly people who need special assistance.
- (6) Speaking out on the needs of older residents in public forums.
- (7) Advise government officials on social and physical improvements needed in the neighborhood.

A neighborhood approach is not difficult to introduce. It is simply a group of neighbors who concentrate on the service needs of their older or impaired neighbors. The group may be part of an established neighborhood improvement association or it may be independent. It should not be affiliated with an organization with an established clientele. The group should be as broadly based as possible. If it is started by a church, a social service agency, a health program, or a neighborhood center, it will probably be viewed as an adjunct or the agent of that agency or center. This may limit its effectiveness. However, it is essential that existing agencies endorse and participate in the setting up of an independent senior service group. While the initiative may come from anywhere, the neighborhood group should be built around the strengths of those neighbors willing to work on behalf of their older residents. Remember, the ultimate goal is to create a tradition of shared concern which is passed from neighbor to neighbor over several generations. A narrow approach and limited sponsorship defeats this tradition-building and may result instead in just one more isolated program.

The neighborhood approach starts off with trained community workers. It is possible for a group of neighbors to organize themselves without outside assistance, but the service of a trained community organizer is recommended. An organizer can help a group clarify its goals, set up good working procedures, and build a base for long-range growth. In addition, the organizer can serve as the staff nucleus for the neighborhood service organization. If it is successful, the organization will want to hire part- or full-time staff. This does not take away from the voluntary nature of the group, since projects should be undertaken only if there are volunteers to work on setting up the project. For example, staff would not set up a telephone reassurance program unless they were requested to do so by the group and unless there were sufficient volunteers to operate the program. However, staff can provide continuity and recordkeeping services which are essential for the successful operation of a service group working within neighborhood boundaries.

#### PHILOSOPHY AND GOALS OF NEIGHBORHOOD SENIOR SERVICES, INC.

Since its inception in the summer of 1974, the major goal of NSS has been to give seniors the type of assistance that would enable them to remain in their homes and, thus, forestall institutionalization as long as possible. This has been accomplished through a neighborhood approach to services for seniors stressing a "neighbors helping neighbors" strategy in implementing the program.

The propelling idea of NSS, which is to keep seniors in their homes, is based upon the conviction that the elderly are happier in the familiar surroundings of home and neighborhood. Therefore, it is important to help them stay there as long as possible. Many who might be candidates for the nursing home because of a physical disability or a tendency to lose things or to get confused can get along in their homes through the additional support services offered by NSS.

#### HOW IT GOT STARTED

NSS originated out of the concern of a few seniors and younger people living in the Northside area of Ann Arbor—a concern about the age-related needs and problems of seniors who resided in their own homes. The start came as a response

to suggestions made by a staff member and work study students associated with the Institute of Gerontology at the University of Michigan. In the summer of 1974 they met with several residents of the Northside of Ann Arbor and NSS was started. This group of community people constitutes the present and very active board of directors of NSS. Seventy percent of the board members are elderly.

It was necessary, first of all, to locate the seniors in the community. This was done by using voting lists of Ann Arbor's Northside and, from this, creating a mailing list of seniors on the Northside. These seniors were invited to meetings to help identify those seniors in the community who needed support services. An informal needs assessment of the seniors in the community was a part of the identification process.

NSS began on an entirely voluntary basis. Meetings were held in members' homes. Their phone numbers were printed so that any one who needed information about NSS could call. A newsletter was printed, funded by donations, and activities were held in various churches which donated space. A service was established to refer seniors to community agencies.

#### ORGANIZATIONAL STRUCTURE

All decisions are made by working members who meet once a month to discuss the projects and tasks to be accomplished by NSS. Although NSS now receives funding from the city of Ann Arbor and the area agency on aging, there is a strong reliance on finding volunteers who will carry out assignments. The process of finding suitable volunteers, of assigning tasks and of reporting back about the assignment is totally self contained; it does not involve any outside agencies or institutions.

In addition to the working board, NSS has two paid employees—a full-time director, Mary Baker, and a part-time outreach worker. There are also students from the School of Social Work at the University of Michigan who are assigned to NSS as their field placement, and there is a part-time work study student. A list of volunteers is kept at the office to be called upon as needed.

NSS is housed in a rented office space in the Northside Presbyterian-St. Aidan's Episcopal Church, 1679 Broadway in Ann Arbor. The office is open from 8:30 to 5, Monday through Friday. A telephone at the office is put to good use as a line seniors can call when they are in need of assistance.

Communication is maintained through the use of a log book in which the director, outreach worker, social work students, and work study students record daily what has been accomplished that day, what needs to be done, and what needs to be communicated to other staff. The log is also used for funding purposes to show what kinds of cases are handled and what kinds of services NSS offers. A staff member is usually responsible for recording activities of volunteers. Volunteers must check in each day they work to tell where they are going and what they will do.

A card is kept in a file of each client as they come in. On it is recorded the client's name, address, phone number, who referred the client, what the problem is, and what is being done about it. Any vital and significant data, such as health status is kept up to date on this card.

The mailing lists mentioned previously are updated regularly. These are kept on two sets of cards; one is filed alphabetically and one set by street numerically. This second set is very useful when there is an event or service that must be announced quickly. We are able to contact a senior citizen on each street who will call other seniors in his immediate area.

Meetings of staff members are another means of communication, and staff members keep close tabs on each other so they can be contacted in case of an emergency.

There is a definite procedure that is followed when a referral is made. All possible information is obtained from the referral source which may be an agency, a volunteer, or another senior citizen or even a self-referral. The outreach worker then sets up an appointment to see the new client. On the basis of her discussion with the client, a needs assessment is done and recorded onto a form made just for that purpose. Definite action is taken as soon as possible after the needs assessment is made.

If a referral to another agent or agency is necessary, NSS staff takes the responsibility for setting up the appointment, seeing to it that the client has trans-

portation to and from the destination if necessary, and seeing to it that the goals of contacting the other agency are met as well as obtaining as much information about the outcome of the referral as possible and setting up another appointment.

What has NSS learned from its experiences? While each neighborhood differs, the activities, actions and discoveries of NSS illustrate what to expect from similar groups. The following items were collected at the NSS monthly meeting on November 7, 1978:

*Finding:* Housing maintenance has become difficult for many older residents.

*Action:* NSS organizes chore services by campus fraternities, youth groups, and volunteers; refers older residents to existing home repair and maintenance agencies.

*Finding:* Several older residents require companions to assist in performing small chores.

*Action:* NSS set up a service which places over 40 nursing students in the homes of older residents as live-in companions or as volunteer visitors. NSS is also considering sponsoring a respite care program.

*Finding:* Long waiting lists for public housing.

*Action:* NSS researched and proposed a cooperative housing plan whereby large neighborhood homes would be converted for that purpose. The concept received the endorsement of and a financial commitment from the city of Ann Arbor.

*Finding:* Street conditions create hazards for elderly.

*Action:* NSS members gave a city representative a tour of the problem area and succeeded in getting priority action on paving a major roadway.

*Finding:* Some older people are not receiving benefits and are having difficulty understanding Federal programs.

*Action:* NSS asked the Washtenaw County Council on Aging to rewrite medic-aid material to make it more understandable and to the point.

The following organizing principles, derived from the Neighborhood Senior Service experience, may be useful:

(1) Membership is open to all who are interested in providing supportive services to elderly neighbors.

(2) Members belong as long as they continue to provide service, and decisions are made by the working members.

(3) Those served by the group are encouraged to serve others.

(4) Accurate, confidential records of contacts with neighbors are kept. Followup is routine.

(5) The organization is kept as simple as possible so that it can continue to function even if funding fluctuates.

(6) There is a long-term commitment to make the process work.

#### RELATIONSHIP TO OTHER AGENCIES

The neighborhood approach differs from other types of service programs for the elderly in the following ways:

#### COMPARISON OF NEIGHBORHOOD APPROACH WITH OTHER COMMUNITY-BASED PROGRAMS

	Neighborhood approach	Advisory bodies	Agency outreach	Senior centers	Self-help groups
Boundaries.....	A recognized neighborhood.	A service delivery area or governmental entities.	Usually a self-defined service delivery area.	Varies, usually serves wide area.	Varies, organized by need, not area.
Membership.....	Neighbors willing to serve.	Selected or elected to serve on body.	Professionals or para-professionals.	Seniors who want to participate in activities.	Seniors with similar problems.
Services provided.	Locating elderly in need, matching to services, followup and monitoring, problem identification and solving, develops informal supports.	Review and approve policy of planning or provider agency.	Locating elderly, case management, specific services delivered to home or at agency site.	Recreation, screening, selected services provided on site, providing companionship and group activities.	Group therapy and support.

The neighborhood approach has linkages with current and future service programs for the older person. The following illustrates this point:

## SERVICES FACILITATED AT THE NEIGHBORHOOD LEVEL BY AN ORGANIZED SERVICE GROUP

### *Alliances with existing service groups*

Community organizations, neighborhood improvement associations, mutual aid societies, self-help health groups, multipurpose senior centers, agricultural extension services.

### *Facilitate these existing programs*

Protective services, outreach work, case management, deinstitutionalization home health care, home chore services, home maintenance programs, immunization and health screening, consumer advocacy, information and referral, community planning, neighborhood preservation, removal of architectural barriers.

### *Introduce the innovative approaches*

Respite care, personal care organizations, community geriatric health centers, in-home therapy, small scale residential facilities, detection of adult abuse or neglect, independent living for the handicapped, housing annuity programs, preventive health and mental health programs.

Since the neighborhood approach consists of residents serving their older or impaired neighbors, it serves to complement the work of formal agencies. Since an agency needs to reach out into a community, it would find a neighborhood service organization both an ally and an informed critic. If properly organized and informed, the neighborhood group would recognize the difference between formal and informal caregiving. While this is an area requiring more research, neighborhood groups can path-find new approaches to collaboration between lay persons and professionals. In an ideal sense, the professional should train the lay person to perform routine services, while the professionals' services are reserved for serious problems. A neighborhood group first matches the individual with needed formal services. If the formal agencies fail to be responsive, then the group should serve as an advocate for improvement. The neighborhood group should never attempt to perform professional services. There is enough to do if the group provides the basic service functions of locating the elderly, informing them of services, matching those in need with the appropriate services, and providing followup. This approach, over a period of time, should develop an in-depth understanding of the needs, concerns, and desires of older neighbors.

If a new program is introduced—for example, respite care service—the neighborhood service organization should be in a position to advise those providing the services on who needs it, where they are located, and the best approach to introducing the service so that it is accessible and acceptable to neighborhood residents.

Those formal agencies which may benefit from an association with a neighborhood service organization include:

- (1) Social service agencies.
- (2) Home health care or home chore agencies.
- (3) Local service departments, such as police, fire, traffic, streets, transportation, sanitation, zoning and community planning.
- (4) Hospital, nursing home, and mental health facilities and clinics.

The neighborhood approach may contribute in another way: since it involves all age groups in providing services to the elderly, it is inevitable that common cause will eventually be made between the elderly and other groups at risk of impairment. These others include the handicapped, the chronically ill, the developmentally disabled, and those temporarily impaired by accident, illness, or even pregnancy. The result can be an integration of services around the functional incapacity of the client, that is, around the kind of help needed, rather than around categories such as age or disease.

### THE GOAL

The long-range goal of the neighborhood approach is to develop a tradition in many neighborhoods of serving the elderly and handicapped. If neighbors do little things, such as making home visits or putting up storm windows, many elderly who would otherwise need institutional care can remain in their home. In time, younger people can become socialized to the tradition of helping. If many serve, no single person or agency needs to carry the full burden of helping older or handicapped persons. In this manner, a climate of shared concern between neighbors, family, and formal agencies may develop which will result in

increased local supports. As neighbors become more aware of the needs of their older residents, they will serve as effective partners with formal agencies in targeting services to those most in need of support. The result should be improved services, a tradition of local support, and a more efficient use of private effort and public funds.

#### POLICY RECOMMENDATIONS

While it would be useful to have support at the Federal level for the neighborhood approach, it needs to be a special type of support. In order to keep the local initiative, Federal policy should encourage the use of neighborhood organizations, but I do not believe it should provide direct funding. The funds should come from neighbors, their associations, and from local and State governments. The concept, if it takes hold, must be based on the strengths (and weaknesses) of neighbors working on behalf of their neighbors. Direct Federal funding may negate a local base and, since Federal funding is short term, it inhibits the slow growth necessary for a successful long-lasting neighborhood program.

However, there are several things the Federal Government can do on behalf of neighborhood organizations serving the elderly:

(1) Encourage area agencies on aging to use the neighborhood approach, where applicable, to help organize services for the elderly on a neighborhood-by-neighborhood basis.

(2) Provide interested neighborhoods with technical assistance; such as information packets, training sessions, speakers and expert advice.

(3) Permit the set-aside of HUD community development revenue sharing funds by local governments to provide basic start-up and operating expenses for neighborhood senior service organizations.

(4) Allow established neighborhood senior service organizations to administer service programs under the Older Americans Act or under title XX of the Social Security Act as these organizations demonstrate competence. Such programs could include outreach, information and referral, and protective services.

(5) Send trained community organizers through ACTION into those neighborhoods where there is support for establishing some form of support groups.

(6) Consider tax incentives or stipends for those providing needed supports for impaired older neighbors, friends, or relatives.

(7) Continue support for neighborhood based programs, (such as multipurpose senior centers) and provide financial incentives for them to collaborate with neighborhood service organizations.

(8) Encourage existing agencies, such as home care programs, and future agencies, such as personal service organizations, to work cooperatively with neighborhood senior service groups.

Attachment.

#### DELIVERY OF SERVICES FOR THE ELDERLY AT THE NEIGHBORHOOD LEVEL: A PRACTITIONER'S GUIDE

The "Neighborhood Approach to Service Delivery for the Elderly," stresses the importance of the neighborhood concept in delivering services to elderly persons.<sup>1</sup> We realize that there are many who are immobilized by old age, ill health, or isolation, those individuals are the ones who must need the neighborhood for the satisfaction of their tangible wants, and for the fulfillment of their intangible needs. In many neighborhoods the tangible needs of the residents, especially those who are less mobile, can be satisfied by activities such as the delivery of food products to their homes, to having friends do their shopping to merely knowing that neighbors or someone is available in case of emergencies. Moreover, the tangible needs of neighborhood residents range from a significant lack of social contact, daily gossip and general neighborhood information and other forms of contact to offset the effects of pathological isolation.

In order to implement a neighborhood approach in locating and servicing elderly residents. It is necessary to understand how an individual identifies the local areas within his neighborhood's boundaries. An understanding of neighborhoods as both physical entities and as social and cultural milieus is useful to a neighborhood organizer who must accurately determine the needs of the residents he seeks to assist.

<sup>1</sup> The neighborhood approach has been developed in a series of workshops and in the field by the neighborhood approach project at the Institute of Gerontology at the University of Michigan. The project team consisted of Solomon G. Jacobson, project director; Michael Bartus, Norman Freedman, Jeffrey Lewis, and Albert White. The project received the support of the Washtenaw County Council on Aging, William Ennen, director, and Anne Alvarez, field worker on the project.

## DEFINITIONS OF A NEIGHBORHOOD

Ruth Glass<sup>2</sup> describes a neighborhood as a "distinct territorial group, distinct by virtue of the specific physical characteristics of the area and the specific social characteristics of the inhabitants." Donald Warren<sup>3</sup> talks of neighborhoods in terms of the functions they perform for the residents. He identifies six types of neighborhoods:

(1) *The integrated*.—Here there are high levels of interaction among most neighborhood residents and regular contact with the local government.

(2) *The parochial*.—Residents here may have extensive contact with one another but are indifferent maybe even hostile to the community in general.

(3) *The diffusc*.—Here, people have many shared interests in common with one another in order to build these common interests into concerted efforts for needed services.

(4) *The stepping-stone*.—Residents are exemplified by the 'nomadic corporate executive', having extensive contact with one another, while displaying short-term commitment to the community, and seldomly identifying with the neighborhood itself or its needs.

(5) *The transitory*.—There is infrequent interaction among neighbors and/or identification with specific neighborhood areas. Participation is more likely to be generalized across the community as a whole rather than specific.

(6) *The anomic*.—Residents in these communities lack ties with the neighborhood as well as the surrounding community. This "dehumanized environment" is the specter that haunts all neighborhoods in the anomic community.

A neighborhood may also be looked upon as "an area within which the variation in people and environment are not great enough to produce significant variations in the type and quality of public services or of public and private capital investments."<sup>4</sup>

Neighborhoods vary from large heterogeneous urban configurations to small homogeneous rural units. Ideally, residents of different neighborhoods are marked by particular patterns of life. "In these neighborhoods certain shared norms dictate the subculture of the district including the type of terrain occupied, and the socio-economic structure of the area. The factors used to characterize neighborhoods are separated into two different elements, the social elements and the physical symbolic elements."<sup>5</sup>

*Physical components*: The neighborhood is often viewed as either an area or place within a large geographic entity, containing boundaries (i.e., physical/symbolic). Natural or artificial barriers are often used to mark the geographic circumference, as well as sociocultural boundaries, of a given neighborhood. "Natural neighborhoods find their limits where personal relations stop. This makes the boundaries fluid, though still recognizable to those familiar with local custom(s) . . ."<sup>6</sup>

Neighborhoods many times have names and often their boundaries are well established by customs. The qualities associated with these neighborhoods give the residents value in the eyes of the larger community. Such value depends on whether the area is easily accessible to schools, shopping centers, and recreational facilities. A school (i.e., elementary, secondary, high school, etc.) often serves as an identifier of a neighborhood in rural and urban settings. As a result, residents living within walking distances of the school, may identify themselves as belonging to a "common-community." This being a matter of proximity.

Frequently Federal, State, or local agencies will establish the service boundaries of a neighborhood, to conform with requirements of governmental programs. Sometimes these boundaries follow those established by organizations such as citizen participation groups, or tax payer tract areas. In other cases, the governmental agency sets the boundaries arbitrarily. An example of a neighborhood organization funded through the use of Federal dollars was the community action program (CAP), from the Office of Economic Opportunity (OEO). OEO issued grants to local areas to establish neighborhood centers designed to meet

<sup>2</sup> Ruth Glass, editor, "The Social Background of a Plan" (London: Routledge & Kegan Paul, 1948).

<sup>3</sup> Donald Warren, "U-M Sociologist Identifies Six Types of Neighborhoods," Ann Arbor News, Jan. 15, 1974, p. 9. Now published in Rachel Warren and Donald I. Warren, "The Neighborhood Organizer's Handbook" (University of Notre Dame Press, Notre Dame: 1977).

<sup>4</sup> Samm Bass Warner, Jr., editor, "Planning for a Nation of Cities" (Cambridge, Mass., MIT Press, p. 187).

<sup>5</sup> Suzanne Keller, "The Urban Neighborhood" ((Random House, New York: 1968, p. 82).

<sup>6</sup> *Ibid.*, p. 100.

the needs of certain groups of residents. The particular "neighborhood" encompassing the center would consist of the people living within OEO's arbitrary boundaries.

When choosing neighborhood boundaries, one should also consider the areas which have been used for former studies by other groups. Examples would be sociological surveys, census tracts, or political canvassing, tools used to enter a given area and sub-divide the residents into different districts for their own purposes often obscuring the real issues that coalesce into interest group action.

*Social components:* These emphasize the notions of shared attitudes, experiences, values, and common loyalties. Sociocultural components became particularly important when considering large heterogeneous neighborhoods. Groups of different ethnic socioeconomic and religious characteristics living within self defined community boundaries can mean numerous problems for the neighborhood organizer. Gaining their trust is the essential initial consideration.

In isolating the neighborhood boundaries, the organizer must realize that social-cultural components can often be more significant than the physical elements. Although census tracts and natural boundaries define a certain area as composing a given neighborhood, the residents of the area may interpret the neighborhood as extending in different directions. Thus a problem of rapid social change could change upset the traditional balance between "neighbors, neighboring, and neighborhoods, leaving in its wake a residue of disconnected fragments of such neighborhoods."<sup>7</sup>

Suzanne Keller, author of "The Urban Neighborhood," points out that when defining a neighborhood, three conceptual distinctions must not be overlooked:

(1) The neighborhood has a special role implying a particular kind of social attitude toward others as distinguished from the role of friend and relative with which it may at times merge, as when relatives may be living next door or when neighbors become friends.

(2) There are various activities associated with this role ranging from highly formal and routinized neighborhood rituals to sporadic, informal, and casual contacts.

(3) There is an area itself—the neighborhood—where neighbors reside and where "neighboring" takes place. This may be clearly demarcated spatial units, with definite boundaries and long established traditions, or a fluid, vaguely apparent and differentially perceived by the inhabitants.<sup>8</sup>

Therefore, when defining a neighborhood, the practitioner of a neighborhood approach to community organization must consider a range of several indigenous factors in each locality. The organizer must not overlook the importance of cultural components. Understanding people's definition of their own neighborhood is imperative for the organizer. Only after considering the views of the residents, can the neighborhood organizer attempt to adequately address the neighborhood boundaries within which he will implement his policies. Furthermore, the neighborhood organizer must also realize that "where one lives isn't necessarily where one resides."<sup>9</sup>

"It is clear that as people age their dependence on the local surrounding environment is increased; for the age cohorts between 65 and 85 in particular, the neighborhood environment takes on a special significance."<sup>10</sup> The elderly tend to remain in their own homes or apartments upon retirement, generally they do not relocate, however, "if the elderly do relocate, they often find it difficult to adapt or adjust to the surrounding environment. The length of residents and age of a resident strengthen attachment to an area. Older long-term residents express more neighborhood satisfaction than do younger newer residents."<sup>11</sup> In addition, older persons, especially those with decreased mobility, are more dependent upon their neighborhoods than any other age group.

Senator DeCONCINI. Thank you very much.

Let me ask you first, and then the other members of the panel, to respond to questions that are troubling me a little bit. A White House Conference on Aging is planned for 1981. First of all I would like to

<sup>7</sup> *Ibid.*, p. 4.

<sup>8</sup> *Ibid.*, pp. 12-13.

<sup>9</sup> Reginald Issacs, "The Neighborhood Theory," *Journal of the American Institute of Planners*, vol. XIV, No. 2; spring, 1948, pp. 15-23.

<sup>10</sup> Victor Regnier, "Neighborhood Planning for the Urban Elderly," from *Aging*, ed. by Diana S. Woodruff and James E. Birren (D. Van Nostrand Comp., New York, 1975, p. 298).

<sup>11</sup> *Ibid.*, p. 299.

know—and I am sure I know Mr. Fleming's answer—is this really going to be of significance in your candid opinion, and what do you see in your particular area as being derived from a White House Conference on Aging?

Mr. JACOBSON. It will be difficult for me to be candid because I am working under two grants for the Administration on Aging.

Senator DECONCINI. I will give you immunity here.

I don't mean to be sarcastic, but I always have some troubles with these White House conferences. They bring some focus to some particular problem and maybe that is sufficient. But I wonder what you can actually get out of them, and whether or not we hold our expectations too high.

Mr. JACOBSON. The White House conferences that were held in the sixties and the seventies, I think had the opportunity to give us some significant benchmarks. I think they did serve to bring people together in their communities and begin to discuss issues and set priorities. I think the White House Conference that will be held in 1981 will have that same function so that they do serve that important role, they do bring people together and they do prepare background material. Whether they will influence policy or not, I don't know. That is up to the structure of the White House Conference itself.

I would hope that the White House Conference would begin to look at the different levels of service provision; what role the individual can play, the role of the family, the role of the neighborhood, the role of the county and local governments and the role of the States and the role of the Federal Government. These are all different levels with different responsibilities. I hope we will begin to articulate some of the different approaches that are appropriate at each level.

For example, housing maintenance should go on as a neighborhood project. Inflation is a national problem and that must be dealt with at the Federal level. So if properly organized, and I hope it will be, the White House Conference could be enormously effective.

Senator DECONCINI. Miss Myers, would you care to respond?

Ms. MYERS. Many people are already referring to the 1981 Conference with the idea of using this forum to focus on the large numbers of elderly who are not served by existing programs and policies. The fact of the impending conference impels people to think seriously about the new issues. You don't turn policy around overnight, but the conference may be important in signaling a shift in direction.

Senator DECONCINI. Does anybody else want to comment? Equal time.

Mr. FLEMING. Just a point, not as a spokesman for the administration, but as a former resident of Georgia. The experience from being a constituent of Governor Carter in Georgia suggests to me, in terms of utility, that as White House conferences may have given the style of this Chief Executive—that they will have greater utility than perhaps in the past. President Carter very effectively utilized a process called goals for Georgia when he was Governor which did a major outreach on a number of key issues which led to a number of very specific steps that he took as chief executive of the State. I rather suspect, given that orientation, that we would probably see the President looking to conferences such as the White House Conference on Aging for that kind of an outreach on that issue. So I would be encouraged, based on what

I experienced several years ago as a resident there when he was utilizing this as a Governor.

Senator DECONCINI. Does anyone else care to comment?

Mr. HOLMAN. This is probably treason since I was one of three directors working under the three chairpersons of a White House Conference. It was called the White House Conference to Fulfill These Rights, and I know I asked my people, "Why aren't those rights fulfilled?" It seems to me that White House conferences certainly do one thing, they focus on a particular area or group and they bring visibility to that area or group for a particular period of time. The real problem always is in what happens thereafter, in terms of the implementing of public policy and recommendations seeing that behavior does change as a result.

Almost all these conferences have one problem, they come up with ideas which cost money, and when they come up with ideas which cost money, you get a situation such as we have now. When our report was finally ready, it was decided that it would not be released right away because it supposedly could have been used by some people as a checklist—did they enact this, did they enact the other thing. We have the "Year of the Child" coming up as well.

I think what this may mean in terms of the aging, is that there is the possibility that there may be more followthrough with program enactment than before. There will be more older people in this country than before unless we get a new baby boom, and no one sees that coming. What I would like to see this conference do is select two or three things and no more, and see if the Federal Government can do them. They should try to be much more specific than conferences normally are about what the private sector can do. They tend to be too heavily federally oriented in terms of recommendations. Finally, they should try to see to what degree they can make use of the energies and the imagination of private citizens themselves. I think a few priorities of those kinds, challenging those separate sets of institutions and working together might be much more useful than the voluminous reports which are sure to come out of such a conference.

Senator DECONCINI. Thank you very much.

Mr. Filer.

Mr. FILER. It would seem to me to be conceivable, following up on that comment, if you had an interrelationship of private nongovernment and government—that is, the problems of this country have some subheads—you might have a greater chance of something happening in it from the point of view that this is not an effort to decide all of the ways to spend Federal money, but rather it is a way to see two unique and different ways to address the problem. Aging could be a subhead. We are talking about today's elderly. It seems to me if we have a focus on you and me, if you will pardon me, we will be elderly one of these days and it is that focus that could be brought that I think might be very useful. This is not a very short-term program.

Senator DECONCINI. Thank you.

Ms. Wilson.

Ms. WILSON. Yes, I do have a question.

I would like to address Mr. Jacobson. I have been concerned for years about what I would call stiffling of the individual, and the small group and local voluntary initiative by the great giver, the Federal

Government. Most particularly, I would cite meals-on-wheels, a voluntary program which primarily helps those people who are not getting adequate meals. The Federal Government comes in and takes over these programs. Do you find this same type of thing to be potential threat to the operation of a really successful neighborhood program?

Mr. JACOBSON. The role of the Federal Government is a very threatening one in many cases. In fact, in my dissertation, I studied the role of the Federal Government in introducing programs at the local level. I found that the Federal Government did not have enough information about local institutions, that they did not provide needed technical assistance, and further, that the Federal concept of time was almost totally different from local time. The Federal Government felt things should be done in 2 years which would in reality take 5 years.

The neighborhood senior service organization grew very slowly based on a motto: "Think small, start big, and hang in there." As a result, it is now quite strong. While the membership is small, you don't need more than a dozen or so individuals in a neighborhood to maintain a vital service unit. The group in Ann Arbor is strong and intelligent. If an attempt was made to change the priorities of the group to meet a Federal program, the group would either reject the program or would attempt to negotiate the priorities of the program so they meet local needs.

It is very important that the Federal Government be flexible enough to adapt to local priorities. The Federal block grant program is a major step in that approach. To have services acceptable to older people, we need to have groups of people within local areas who know how best to introduce those programs and the Federal Government needs to be guided by that.

Ms. WILSON. Thank you.

Mr. FLEMING. The gentleman raises a very good point. Whether you are talking about housing or other types of domestic programs, I think it is fair to say we have seen a major shift in the predisposition of the Federal agencies as a participant in programs. We have gone from the fifties and sixties when we had a prohibitively high categorical Federal agency that pretty well told the Federal Government how to spend the money in very, very minor detail to a program now which has just been alluded to in the case where we get block grant money which balances certain national objectives with a very heavy emphasis on local initiative.

I think it is fair to assume that if we are predicating our programs on a transactive and partnership sort of a methodology with the Federal Government being a partner, that no party comes to the partnership with all of the answers. I think the style of action by the Federal agencies—I know our agency in terms of the action grant program has become much more participatory, much more active with the neighborhood groups, and so on. The neighborhood housing services program has certainly set that kind of a model. I think we have seen a real evolution where the Federal Government is today in that kind of a partnership.

Senator DECONCINI. Mr. Lewis, do you have any questions of the panel?

Mr. LEWIS. One question for Mr. Jacobson.

Because of the trend in the country due to Proposition 13, and other States taking the similar position—California not really feeling the true effect yet—and the way our service system has been developed at the local level with rehab services and educational services all out of separate systems really, not integrated, could you shed some light on the issue of possibly the whole concept of age-integrated delivery systems?

Mr. JACOBSON. The question of age-integrated services, I think, is a very future-oriented question and a very good one to raise at this point because, as Mr. Fleming has just stated, in the past many of the programs were categorical. Now we are reaching a point where we are beginning to realize that there will be a trend in the human services to look at the individual as the basis for delivering services. We are beginning to use one-on-one approaches to individuals, such as case management techniques. If we organize information in an effective way, we are going to find that there are people with patterns of problems that do not fit into the usual categories. An older person may have the same type of problem as a younger handicapped person for example. The important point, it would seem to me, would be to look at how well individuals can function. I think that will lead us to integrated services, based on the functional capacities of individuals.

Mr. LEWIS. Would you agree that that would also lead us in the direction of a greater reallocation of resources in terms of greater direction in truly targeting funds as opposed to tacking funds a little bit here and a little bit there as we are doing now?

Mr. JACOBSON. I believe it will. As the crunch comes on Federal programs, we are going to have to begin to target programs, and I think the current administration is stating that. You know the Administration on Aging is talking about a two-tier program which will look at the persons with the greatest need, those that are impaired, homebound, in need of direct targeted services, and those that require general support or preventive care. As we begin to measure needs more precisely, we will be in a better position to target services.

If I may add one more thing, the idea of a "dependent population" is one which merits greater scrutiny. In a contract under AoA funding, we found that an individual is neither "dependent" nor "independent," but rather will be dependent under certain conditions. We have to begin to define exactly those types of services which will support a person and help them maintain themselves but not stifle their own self-sufficiency.

Mr. HOLMAN. Mr. Chairman, I am interrupting here only to apologize for the fact that we are putting together something called an advisory council on urban recreation with people from around the country coming in. I have agreed to serve as chairperson and to begin at noon. I only wanted to say that our staff members will be staying on.

I wanted to just make one final statement which we didn't get into in our own statement, but which I would like to write a little note to you on, later. I think it is very important that we look at elderly people in neighborhoods and elsewhere in terms of their potential, rather than dealing with them simply as problems. For example, we have been trying to persuade the administration and some foundations, that in terms of community level disputes, many of which are handled very

poorly and badly by the police, there are certain kinds of ways in which, with a little training, you could take elderly people and enable them to alleviate arbitration of community-level disputes.

You are talking about dependency and interdependency. One of the things we found in talking to older people is that they feel that they have so very much to give, and in many cases they do, and there is so little in terms of the way the system permits them to be anything other than objects of the program rather than people who have something positive to give.

I must apologize again for having to leave.

Senator DECONCINI. I understand, and please don't worry about it at all. We greatly appreciate your participation here today. If anyone else must leave, we understand.

Mr. Corwin.

Mr. CORWIN. I have two quick questions.

I just want to add that, with regard to the White House Conference on Aging, our hearing record will be open for the remainder of the month and we would very much appreciate the panel's suggestions for additional information that we should have prior to that conference, and for the type of policy alternatives they feel should be discussed with regard to the issue that we are addressing today. We would like to see the data at that conference be a comprehensive framework for policy decisions.

Mr. Jacobson, I won't ask my questions on it now, but I would like to get more details about the conversion project in Ann Arbor, if you have that, to see how that program operates.

As you know, our hearing today is to try to get a handle on the new demographic and economic trends which many urban commentators see as impacting on the elderly, and on the neighborhoods in which they live, over the next period of years.

In yesterday's Washington Post, the front page of the business section carried a story which seems very relevant—and which I found very disturbing—that the average new home in the United States is now out of reach financially, because of limitations on qualifications for mortgages, to three-quarters of all the families in the United States. Of course, none of us can predict how long this situation will go on, for we don't know how inflation will run or the other costs that contribute to housing. But to the extent that this type of new construction cost is going to close out a significant portion of American families over the next few years, what type of effect does the panel see that as having on the existing housing resources that we are talking about today?

Mr. WEILER. Well, quite obviously I think we have to pay more attention to the status of tenants. It has been the American dream, I suppose, that everybody becomes a homeowner, or can be, but I think that is not going to be true in the foreseeable future. I was in San Francisco a week and a half ago for a west coast housing conference, and I have not spent much time in California, but I was amazed at how much the emphasis was on the problems of tenancy and not just with regard to proposition 13 where there has been some trouble passing that savings back on the tenant, but in general.

Tenancy is really something out of the Dark Ages. It is one of the most backward parts of our law and I think we have to look into the

rights of purchase, rights of return, a whole variety of legal mechanisms for tenants. In part, it is a question of attitude. As a neighborhood organizer, I know theft is a common prejudice against tenants; they don't care, they don't participate, they see themselves as transitional. I don't want to say whether or not this is true, but certainly I think there are some attitudinal changes that have to be made in this country also about tenancy. I don't think that it is good that homeownership should be out of reach, but it is the fact.

Senator DECONCINI. Does anyone else care to comment?

Ms. MYERS. We might also want to know more about the actions of elderly persons who own city homes which have appreciated considerably—or which may be saleable for the first time in many years. In that Baltimore program mentioned earlier, the project director told me at first when elderly homeowners were informed of an opportunity to sell, they said, "Gee, that's a good idea." But later, when they thought it over, most of them said: "What would I do? Where would I go? I'll stay in this neighborhood that is going to be renewed."

If, instead of the offer being made by a Ford Foundation project, it was made by a realtor, the elderly homeowner would have sold out and without enough consideration of the alternatives. One of the points in my study is that there may not be many alternatives. Government programs are not likely to deliver anywhere near the estimates of need for new housing. At the minimum, modest people who suddenly offered an opportunity to sell in upgraded neighborhoods should be able to get advice, counseling, and time to think things over.

Mr. FLEMING. Of course your question has one obvious answer, it is only to enhance the problem. The greater pressure that is going to be brought to bear on existing housing is going to be greater problems of displacement and greater problems of displaced elderly. I was equally impressed in setting through a number of the sessions of that west coast conference that Conrad just spoke of. One phrase, for example, which was quoted there was the fact that this year's graduating class at the University of Southern California is a relatively segmented group in terms of income level and that only one out of five of the graduates would be able to afford a home by the time they came into the house-buying market.

So I think that the whole area of relationship of renters to landlords, renters to neighborhood, and the whole dynamics of a rental group of people as a critical element of neighborhood revitalization is something that is really uncharted. The rights of renters from a consumer standpoint, the relationships between them and the landlords, is absolutely the hottest issue that is going on right now under that scope of rent control measures. A lot of focus needs to be placed on this issue as a result of the increasing pressure that they are going to have.

Senator DECONCINI. That will conclude our hearing. As Phil mentioned, the record will stay open until the 29th of this month, so if you do care to submit anything further we would very much appreciate it. I want to thank you personally for your fine testimony today; you have been very helpful to the committee.

The committee will stand in recess.

[Whereupon, at 11 :53 a.m., the committee recessed.]

## APPENDIX

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### LETTERS FROM INDIVIDUALS AND ORGANIZATIONS

ITEM 1. LETTER AND ENCLOSURE FROM HENRY S. DOGIN, DEPUTY ADMINISTRATOR FOR POLICY DEVELOPMENT, LAW ENFORCEMENT ASSISTANCE ADMINISTRATION, U.S. DEPARTMENT OF JUSTICE, TO SENATOR FRANK CHURCH, DATED DECEMBER 22, 1978

DEAR MR. CHAIRMAN: This is in response to your letter inviting submission of information on behalf of the Law Enforcement Assistance Administration in connection with Special Committee on Aging hearings on "Older Americans in the Nation's Neighborhoods."

In your letter, you indicated that some of the questions that the hearings may consider are:

(1) What is the extent and expected duration of the "back to the city" movement, and its pluses and minuses for older homeowners and renters?

(2) What Federal policies and programs are presently affecting neighborhoods, and how can they be changed to better promote stabilization and revitalization that is not accompanied by massive displacement?

(3) How can the Federal sector form more effective neighborhood partnerships with State and local government, community organizations, and the private sector?

(4) How can arson and crime prevention programs, and social services delivery, be better integrated with neighborhood revitalization strategies?

You expressed particular interest in those activities of LEAA which tie crime control and prevention measures to neighborhoods, especially those conducted under the community anticrime program which are either utilizing older individuals' talents or result in reduced victimization of the elderly and a greater sense of public safety.

I am pleased to respond to the special committee's request with the information included in this letter, as well as several documents which are relevant to the hearings. The materials are as follows:

(1) A listing of LEAA categorical awards from fiscal year 1969 to the present specifically relating to elderly programs. [Retained in committee files.]

(2) A statement on "LEAA Programs for Senior Citizens," dated February 1978. [See enclosure.]

(3) Testimony presented to the House Judiciary Subcommittee on Crime on November 21, 1978, by Cornelius Cooper, regarding the LEAA community anticrime program. [Retained in committee files.]

(4) Testimony presented to the Senate Governmental Affairs Subcommittee on Permanent Investigations on September 14, 1978, by James M. H. Gregg regarding arson. [Retained in committee files.]

(5) "Crime Prevention Handbook for Senior Citizens" and a directory of "Crime Prevention Programs for Senior Citizens," both published through support of LEAA's National Institute of Law Enforcement and Criminal Justice. [Retained in committee files.]

As you know, under both the Omnibus Crime Control and Safe Streets Act of 1968, as amended, and the Juvenile Justice and Delinquency Prevention Act of 1974, as amended, the major share of funds administered by LEAA is allocated in block grants to the States. Each State is required to develop an annual comprehensive plan for the improvement of law enforcement and criminal justice throughout the State in order to qualify for block grant funds. A State planning agency in each State is responsible for developing the plan, making final decisions regarding the award of block grant funds, and administering the program.

While final decisions on the funding of block grant applications are made by State planning agencies based on a determination of each State's needs and priorities several provisions of the Crime Control Act bear on the special committee's area of inquiry. Section 303(a) (16) requires that each State's comprehensive plan must "provide for the development of programs and projects for the prevention of crimes against the elderly, unless the State planning agency makes an affirmative finding in such plan that such a requirement is inappropriate for the State." Section 301(b) (11) provides specific authority for "the development and operation of programs designed to reduce and prevent crime against elderly persons."

The various States have funded numerous projects under the block grant authority which are either targeted at reducing crime against elderly persons or which otherwise impact upon or involve these individuals. Examples of such activities are described in the enclosure dated February 1978, and entitled "Programs for Senior Citizens."

A small portion of LEAA's appropriation is retained by the agency as a discretionary fund which is used to assist programs of national scope and to provide special impetus for innovative and experimental projects. As the enclosed listing of categorical awards indicates, over \$20 million has been awarded since fiscal year 1969 to support such activities. Of course, there are many other LEAA-funded activities which benefit elderly citizens, but are not included in the list provided because older persons are not indicated as a primary target population.

A review of the project listing will reveal that many of the more recent awards were made by LEAA's Office of Community Anti-Crime Programs. That Office was established by the Crime Control Act of 1976, and is authorized to make grants and provide assistance to community and citizen groups to encourage their participation in crime prevention and other law enforcement and criminal justice activities.

Concern for the elderly was highlighted in the legislative history of the Crime Control Act of 1976. The community anti-crime program guidelines speak directly to this concern. One of the problems specifically addressed in the guidelines is the increased victimization of the elderly. All projects are encouraged to include activities which address the issue.

Numerous community anti-crime projects either utilize the talents of older individuals directly or result in reduced victimization of the elderly. Brief descriptions of some efforts with significant elderly components may be useful to the special committee.

The Economic Opportunity Board of Clark County, Nev., has two significant components of its program directed specifically at the older population. The retired senior volunteer program has an ongoing program of educating the elderly in areas of crime prevention such as self-protection, home security, consumer protection and self-help activities.

Community resource persons and senior volunteers are used in training sessions. As part of this effort, crime prevention materials are being made available to all senior citizens. Senior citizen volunteers distribute materials at senior centers, nutrition sites, neighborhoods and places where seniors congregate.

In addition, the Economic Opportunity Board of Clark County is sponsoring an escort service for the elderly. Youths 13 to 18 years of age are being trained to provide escort services for senior citizens in the Las Vegas community.

The Northwest Bronx Community and Clergy Coalition, Inc., is trying to reduce senior citizen fear of crime on the streets by organizing a senior citizen daytime patrol and hotline phone service. In the Bedford Park neighborhood, which has the highest concentration of elderly in the northwest Bronx (38 percent over 60 years of age), a daytime patrol of citizens has been organized. The patrol, which is on the streets of the neighborhood from 10 a.m. to 4 p.m., provides assurances to older residents that they can shop, attend senior centers in the area, and visit neighbors with a sense of greater safety.

Northwest Bronx Community and Clergy Coalition has also been implementing "buddy-buzzer" alarm systems in the five neighborhoods with the highest concentration of senior citizens. This is a simple alarm system designed to protect tenants in case of an emergency at home. Switches and buzzers are installed in one tenant's apartment and a neighbor's apartment. If there is danger, the tenant flips a switch and the buzzer sounds in the neighbor's apartment.

In Cleveland, Ohio, the Commission on Catholic Community Action, through a senior citizens' coalition, is uniting elderly in the community through the churches and high-rise buildings for the elderly. By integrating the elderly into-

neighborhood block clubs, organizing escort services for the elderly, encouraging seniors to report crimes and educating elderly residents in suspect identification, this program is working to reduce crime against the elderly.

In Los Angeles, Calif., Service for Asian-American Youth is working to educate the Japanese-American community about crime committed against the elderly and is implementing a number of anti-crime activities designed specifically for the elderly. Volunteers are being recruited from the Japanese-American community to develop escort services and a tenant security program for older residents of the community.

In Prince George's County, Md., Betterment for United Seniors, Inc., is working with senior tenants of apartment buildings to develop improved tenant security. Through tenant surveys of apartment house security Betterment for United Seniors is organizing seniors to directly improve the security of their buildings. In addition, Betterment for United Seniors is helping seniors to work with the Department of Aging to develop improved transportation for seniors and thus reduce their isolation and proneness to victimization.

The Lenox Hill Neighborhood Association, Inc., on the upper Eastside in New York, has developed a victim/witness assistance program and escort service for the elderly. Using both professional staff and trained volunteers, the Lenox Hill Neighborhood Association through the Burden Center for the Elderly, is advising elderly people in preventing victimization and assisting them if they become victimized. The center is using its volunteers to provide escort services for senior citizens going to clinics, senior centers, stores and places of worship.

Harambee, Inc., in Syracuse, N.Y., has developed the aging-citizens neighborhood involvement program, aimed at reducing senior citizens' fear of crime and their isolation from the community. Through educational programs about crime and crime prevention techniques, recreational activities and the development of a documentary illustrating the plight of the elderly, the project is designed to reduce older residents' fear of crime.

Mississippi Action for Community Education in Greenville, Miss., has developed a rural elderly crime prevention program designed to reduce the level of fear and alienation prevalent among elderly residents in the MACE target area. Volunteers are providing in-house education regarding home and personal safety to elderly persons throughout rural Mississippi.

In addition to these activities of the Community Anti-Crime Division of the Office, the Comprehensive Crime Prevention Division is also engaged in promoting and supporting activities addressing the elderly. The Division has 18 active citizen initiative program grants, four of which are specifically designed to serve the criminal justice needs of the elderly. Eight other of these projects, as well as four comprehensive crime prevention program awards, contain a specific component that will directly or indirectly impact on the welfare of the elderly. An objective of all of these grants is the reduction of criminal victimization and fear of crime among senior citizens, and increasing their confidence in the criminal justice system.

In cooperation with the National Conference of Christians and Jews and the Pasadena, Calif., Police Department, the Fuller Graduate School of Psychology sponsors a crime prevention/victim/assistance project for citizens over 50 in the city of Pasadena. The project involves the media, and awareness, neighborhood watch; and victim/witness assistance teams. Senior citizens are used as volunteers in a variety of ways. The project has been acclaimed by the Governor of California as a model program, and a number of neighboring jurisdictions have successfully replicated it.

Law enforcement for the aged serves the elderly poor who live in rural parts of Oklahoma. A toll-free number is available for reporting crime to police. Psychological guidance is provided to persons victimized by certain crimes and legal assistance is secured for those victimized by fraudulent activities. The project staff serves as a national clearinghouse for free distribution of a film entitled "Full of Days, Riches and Honor," produced through the support of a previous grant.

Criminal Victimization and the Elderly: A Community Response serves senior residents of Hillsborough County, Fla., who have been victimized by serious crimes. It attempts to reduce the effect of victimization through volunteer services offered by others in the victim's neighborhood. Community response to the program, which served over 725 victims in one quarter, has been excellent. A community resources/crime prevention booklet has also been made available at no charge through the project.

The National Coordination Project of the National Elderly Victimization Prevention and Assistance Program is a multi-purpose research and demonstration program. It is sponsored by the National Council of Senior Citizens, with support from four Federal agencies and the Ford Foundation. The Administration on Aging and the Community Services Administration provide funds for seven demonstration projects in six major cities. These are in their second year. LEAA funds are used to support coordination and technical assistance for the seven projects. The Department of Housing and Urban Development has joined in supporting evaluation of the program.

A notable aspect of each of the projects described is the extensive use made of the services of elderly persons in a variety of capacities. While research indicates that criminal victimization against the elderly is lower than that of other age groups, elderly persons certainly experience greater material and emotional hardships when victimized. LEAA remains committed to the support of efforts which will reduce the impact of crime on the older citizens.

I trust this information will be useful to your hearings on "Older American's in the Nation's Neighborhoods." The interest of the Special Committee on Aging in the programs of the Law Enforcement Assistance Administration is appreciated.

Sincerely,

HENRY S. DOGIN.

Enclosure.

#### LEAA PROGRAMS FOR SENIOR CITIZENS

Crimes against the elderly are of major concern to the Law Enforcement Assistance Administration. The unhappy circumstances in which many of the elderly live out their lives are well documented. In the constellation of problems facing senior citizens, crime and fear obviously loom large.

Any discussion of "numbers" can create a misleading impression. Statistics seem cold and impersonal and a discussion of victimization rates may seem to be an expression of callous disregard for the human element. But crime victims are people, not numbers. No matter how large or small, victimization figures represent physical or mental anguish suffered by real people and the loss of property which diminishes the quality of life for individuals.

LEAA is sensitive to the fact that the ultimate value of victimization statistics is the opportunity they present to address the human needs they represent.

#### STATISTICAL INDICATORS

Despite what common sense and newspaper headlines seem to indicate, statistics show that the elderly are not more likely to be victimized by crime. In fact, a substantial body of data indicates that the more than 20 million elderly throughout the country are far less likely to be criminally victimized than are young persons, whether by personal offenses or by crimes against household property.

LEAA established and funds the National Crime Panel, which is a program designed to develop information not otherwise available on the nature of crime and its impact on society by means of victimization surveys of the general population. The surveys are conducted for LEAA by the Bureau of the Census. Within each locality surveyed, samplings are made of households and commercial establishments representative of the area, in order to elicit information about experiences, if any, with certain crimes of violence and theft. Events that were not reported to the police are included, as well as those that were.

These victimization surveys are supplying criminal justice officials and legislative bodies with new insights into crime and its victims. Among the information being produced by the surveys is data on types of victims and information necessary to compute the relative risk of being victimized. The first results of the National Crime Panel programs were made available in three reports during 1974. These were followed by additional reports in 1975, 1976, and 1977.

The victimization studies show that the highest rate of victimization occurs in the young age groups, with each older group having progressively lower rates. Persons 65 and over had the lowest rates of all. This was true for each of the categories "crimes of theft," "crimes of violence," and "household crimes." Only for the category "personal larceny with contact"—purse-snatching and pocket-picking—did older persons record rates at parity with those for all citizens within the scope of the surveys.

A summary of the pertinent data from the victimization survey follows:

PERSONAL AND HOUSEHOLD CRIMES: VICTIMIZATION RATES FOR THE GENERAL AND ELDERLY POPULATIONS, UNITED STATES, 1973

Type of crime	Rate for the general population	Rate for the elderly population
	1,000 persons age 12 and over	1,000 persons age 65 and over
<b>Personal crimes:</b>		
Crimes of violence <sup>1</sup> .....	32	8
Robbery .....	7	5
Robbery with injury .....	2	2
Robbery without injury .....	4	3
Assault .....	25	3
Aggravated assault .....	10	1
Simple assault .....	15	2
Crimes of theft .....	91	22
Personal larceny with contact <sup>2</sup> .....	3	3
Personal larceny without contact .....	88	19
	1,000 households headed by persons age 12 and over	1,000 households headed by persons age 65 and over
<b>Household crimes:</b>		
Burglary .....	91	55
Household larceny .....	107	47
Motor vehicle theft .....	19	5

<sup>1</sup> Includes data on rape, not shown separately.

<sup>2</sup> Includes purse-snatching and pocket-picking.

NOTE: Detail may not add to total shown because of rounding.

The surveys show that the personal crime rates among senior citizens were six or seven times lower than those for persons age 20 to 24. However, additional survey findings on personal crimes have shown a distinct correspondence between increased age and a greater chance of victimization at the hands of strangers. In 82 percent of the surveyed crimes of violence against elderly persons, the offender was identified as a stranger, compared to 66 percent among victims in the general population.

The survey data have led to some tentative conclusions about the physical burden of crime. Although they were victimized relatively less often by personal crimes of violence during the surveyed period, about 12 percent of victimizations involving crimes against persons age 65 or over resulted in hospitalization.

With respect to crimes against household property, there is again clear evidence of an association between increasing age and diminishing victimization. Among households headed by persons aged 20 to 24, for example, burglary rates were more than two times higher than those for households headed by the elderly. For household larceny, the rate was about three times higher for the younger age group.

These lower victimization rates in no way minimize the severity of crime's effects upon older people. These statistics may cast a cold light on reality, but they do not measure the misery of fear, the apprehension, and the terror, which keeps many of the elderly in our cities virtual prisoners in their homes and apartments. More than one-half of the oldest persons surveyed indicated that they had limited or changed their patterns of living in order to minimize their risk of victimization.

Add to this the diminished activity and increased infirmity that may accompany aging, and there appears a group of people who are infrequently in high-risk crime situations. In the usual sense of the word, they may not be victimized, but such fragile "safety" exacts a high price by restricting their freedom to go about normal activities and lessening their peace of mind.

There is little question about the vulnerability of senior citizens—physical, psychological, and financial. The theft of a television set to a younger person with a relatively good income is certainly a misfortune; to an elderly person on a fixed income and living alone, it can be a tragedy. Similarly, the fear of physical violence is particularly debilitating to the elderly, and the theft of a social security check may deal a devastating blow to meager financial resources. LEAA is aware that for this group of people the needs are immediate and the response must be prompt.

## THE LEAA PROGRAM

Under the LEAA block grant program, the major portion of funds is distributed to the States on a population formula basis. Each State, through a designated State planning agency, distributes these funds in accordance with a comprehensive statewide plan for improvement of law enforcement and criminal justice.

The plan reflects the State's determination of its own needs and priorities. LEAA neither approves nor disapproves grant applications for funds under the jurisdiction of the State planning agencies.

When the LEAA program was extended 3 years in 1976, Congress took note of the special needs of senior citizens. Each State's comprehensive plan must provide for the development of programs and projects for the prevention of crime against the elderly. The 1976 amendments also established an Office of Community Anti-Crime Programs, with responsibility to disburse funds to community and citizens groups to enable their participation in crime prevention activities. Services to assist the elderly was specifically identified in the reports accompanying the legislation as one area of appropriate focus under this program.

A small portion LEAA's appropriation for action programs is retained by the Agency for use as a discretionary fund. LEAA utilizes this money to assist programs of national scope and to provide special impetus for innovative and experimental programs. LEAA is supporting research and action projects which we hope will help to diminish the impact of crime and fear of crime on older people.

## ACTION PROGRAMS TO ASSIST THE ELDERLY

Particular emphasis has been given to the problems of the elderly poor in public housing. In Syracuse, N.Y., for example, LEAA block grant funds have been used for special security patrols and safety measures for elderly public housing residents.

Plainfield, N.J., is equipping its senior citizens' housing complex with closed-circuit television equipment and resident security aides. Montgomery County, Md., has initiated a project which will create a specially trained criminal justice response team consisting of a police officer and social worker to assist elderly crime victims.

In the St. Louis County, Mo., prosecuting attorney's office, an educational program is being launched to alert and advise the public, especially those in high school and the elderly, how to protect themselves from criminal consumer fraud. A senior citizen escort service and an emergency telephone response system for elderly residents of the Crown Heights section of Brooklyn, N.Y., is underway. Other programs for the elderly are underway in South Bend, Ind.; Trenton, N.J.; Cleveland, Ohio; and Portland, Oreg.

LEAA has also joined with HEW's Administration on the Aging in supporting a \$211,000 program to aid Kansas City's elderly crime victims. Kansas City found that its elderly citizens were being particularly victimized by burglaries. This project includes public education programs on ways to reduce crime, target-hardening efforts—better locks, and so forth—and involvement of social service agencies with the criminal justice system to provide better service to older citizens. This project is emphasizing citizen and community involvement to help reduce crime against the elderly. Citizens are participating in the planning of priorities and activities, as well as being part of the decisionmaking process.

The Pennsylvania Governor's Justice Commission, the State planning agency, recently awarded \$150,000 in block grant funds for a program designed to reduce crime against the elderly, as well as fear of crime, in west Philadelphia. The Police Department of Philadelphia and the Citizens Crime Commission are joining in the project, which will increase special police patrols, develop a media campaign to focus attention on crime prevention for the elderly, and help reduce losses from stolen social security checks or cash. If successful, the program will be broadened to protect the more than 230,000 persons over age 65 living in Philadelphia.

As part of a major LEAA program designed to promote better treatment for crime victims, witnesses, and jurors, the eastern Oklahoma Development District, which includes 49 incorporated communities, has begun a program which will compile statistics on crimes against the elderly and their special needs. Crime prevention programs geared to the age group will be created and law enforcement officers will be trained in special techniques for responding to elderly crime victims. Problems which confront older citizens when they are called upon to be witnesses or jurors will be identified and eased.

The National Council of Senior Citizens has launched a nationally coordinated program designed to reduce crime committed against senior citizens and to assist elderly crime victims. Called the program on criminal justice and the elderly, both LEAA and the Department of Housing and Urban Development are contributing \$200,000 to the effort. The program assists, coordinates, and evaluates seven projects in six cities: New York (2 projects), Los Angeles, Chicago, New Orleans, Milwaukee, and Washington, D.C. All the projects have similar objectives but each has a local sponsor and are planning approaches unique to the city and neighborhoods served.

Another LEAA program which has direct implications for the elderly is the National District Attorneys' Association's Economic Crime Project. The targets of this \$3.5 million effort are the fraudulent schemes—auto repair home improvements, land swindles—that bilk millions of dollars from unsuspecting citizens, many of them in the older age bracket. Forty-four district attorneys' offices throughout the country are affiliated with the project, reaching approximately 20 percent of the population of the United States.

#### RESEARCH AND DEMONSTRATION

LEAA's research center, the National Institute of Law Enforcement and Criminal Justice, is moving creatively on several fronts to bring some measure of relief to the elderly. Several devices developed under Institute research could mean new freedom and security for older people. The Institute has developed a reliable low-cost burglar alarm for homes and apartments. Current estimates indicate that the alarm device could be marketed at a lower cost than current systems, thus putting it within reach of people on fixed incomes.

Many crimes are crimes of opportunity, encouraged by the ready accessibility of doors and windows that can be opened fairly easily. Through Institute-sponsored tests, standards have now been developed for doors and windows which, if incorporated into State building codes, could make them far more resistant to illegal entry.

#### CRIME PREVENTION THROUGH ENVIRONMENTAL DESIGN

In many communities, the environment is custom-made for crime. Streets are poorly lit and deserted. Bus and subway stops offer natural lurking places for the criminal. People are afraid to venture out—especially the elderly—or they move about in fear and suspicion. Little by little, the sense of community which once existed in our cities and neighborhoods crumbles.

Several years ago, the National Institute sponsored a landmark research study of public housing units in New York City by planner-architect Oscar Newman. Newman tested the effects of changes in the physical environment on crime and fear. The results were dramatic. Comparisons were made in two housing projects identical in population density and social characteristics. The only difference was physical design—one was principally high-rise; the other a group of small, walk-up buildings. The difference in crime rates was amazing: The high-rise building had 65 percent more crime.

High-rise buildings studied were unwatched and unwatchable. Hallways, elevators, and lobbies were accessible to everyone, watched by no one, and feared by all. In the walk-up building, where a few families shared a common hallway or entry, the residents knew each other and more actively observed what was going on in and around their building.

Other housing units were redesigned, and the results were the same. Altering the physical design of the buildings encouraged residents to look out for their families and neighbors. For the elderly, this protective approach, called crime prevention through environmental design, can help restore confidence and peace of mind.

Environmental design projects particularly aimed at the elderly are underway in Portland, Oreg., and Minneapolis, Minn. Residents are encouraged to carry a minimum of cash. Low-cost transportation, improved bus shelters, and telephones for summoning emergency aid are being utilized. Special financial services for low income elderly people are being implemented by local banks. It is hoped that the programs will reduce incentives for purse snatching and street robbery where elderly persons have been particularly victimized.

## COMPENSATION, RESTITUTION, AND OTHER AID TO VICTIMS OF CRIME

Certainly prevention of crime before it occurs must remain the first priority of law enforcement officials. However, the criminal justice system must also be responsive to the needs of persons who have been victimized. The problems of victims of crime must be regarded with at least the same concern as is given the human and civil rights of criminals and those accused of crime.

The LEAA program is designed to promote adoption of innovative operational programs. Thus, the Agency does not provide funds to make direct compensation to victims of crime. The effects of direct compensation programs have been studied, however, and support is being provided to other efforts to assist victims.

The LEAA victim/witness program supports the provision of assistance to victims of and witnesses to crime so that these persons will not only be given relevant and sensitive attention, but will be motivated to cooperate more readily with personnel in the criminal justice system. If victims and witnesses receive sensitive and concerned treatment, they will respond by being less apathetic and more willing to report criminal incidents to appropriate authorities. Increased crime rates seen in recent years are due, in part, to increased reporting of crime and better information collecting methods. Many citizens have renewed faith in the fact that they can be helped by the criminal justice system.

A key feature of LEAA's program is the establishment of victim and witness centers. Victim centers are often located within police departments. There, specially trained officers concentrate on the alleged offenses and try to relate to the victims to provide the direct assistance needed. Centers are often geared to meet the needs of special classes of victims, such as rape victims or elderly persons.

Witness centers are usually established in a court. Here the witness is able to receive orientation as to what will be expected of him or her in court. The centers provide a climate supportive of the witness. Services may include transportation, child care services, scheduling notification, and any necessary protection.

A recent study by the Center for Criminal Justice and Social Policy at Marquette University examined the needs and problems of citizens in their roles as victims and witnesses, both in relation to the criminal act and citizen participation in the criminal justice system. The study found that victims frequently incur a number of financial costs not reimbursed by insurance. The average nonreimbursed medical costs for 300 victims experiencing physical injury was about \$200. The average noninsured costs for property replacement and repairs was \$373 as a result of the crime incident.

While nearly two-thirds of victims are likely to have some insurance protection, one-third, largely in the lower income population, do not. These are the persons commonly victimized by violent crime.

Another Marquette study for LEAA analyzed the different and proposed operational programs for crime victim compensation. The study indicated that victim compensation programs could be effective, particularly in reducing the impact of crime on lower income persons.

Many state victim compensation programs have an indemnification feature, where convicted offenders pay fines used for compensation payments to victims. All offenders pay into one general fund. Recently, the concept of restitution has received a great deal of attention as an alternate method of compensating victims. Where the offender contributes cash or services to a victim, the offense becomes more closely linked with the sanction.

Restitution can take the form of repayment for damages or losses directly to the victim by the offender or it can be in the form of work or services to the community. LEAA is interested in this concept and is supporting a program to help fund and evaluate projects in several States. The potential benefits of restitution programs for elderly crime victims is obvious. While restitution cannot alleviate the pain of crime, its application can surely help lessen the burden for those upon whom crime impacts most severely.

## SENIOR CITIZEN INVOLVEMENT IN ANTI-CRIME PROGRAMS

In addition to the numerous efforts supported by LEAA to directly reduce crime and fear of crime experienced by the elderly, the Agency is supporting activities which seek to involve senior citizens as participants in anti-crime programs. One example is the San Diego Police Department's Crime Analysis Unit, which has been using the services of 13 senior citizens since August 1977.

Four couples and five single retirees translate raw data from crime reports into coded messages and feed them into a computer file used by police to help solve serious crimes through faster suspect identification. The integrated criminal apprehension program (ICAP) augments police ability to deploy patrol forces. The key is rapid access to information about crime and criminals. During one 5-week period, the senior citizens coded more than 700 robbery cases.

The program frees police for police work, while providing a part-time job for the workers. These senior citizens play an important role in deciding likely suspects in violent crime. It is but one example where the services of elderly persons are being utilized to help reduce crime.

In Cottage Grove, Oreg., a small group of older people visit the homes of other elderly persons and provide tips on household security. The volunteers learned that many senior citizens had problems dealing with certain public service agencies and they now help handle such situations.

In Sun City, Ariz., retirees are active in Neighborhood Watch, a self-help community crime prevention program supported by LEAA. It encourages neighbors to look out for each others' property and guard against burglary. The group also assists police with traffic control at community, civic, and athletic functions.

In Maricopa County, Ariz., retired engineers designed and built a collapsible leg restraint for use by police officers transporting prisoners. They developed the device in a laboratory they built in the department's crime resistance bureau.

Police in the 101st Precinct in Queens, N.Y., call on elderly and disabled persons to back up various positions held by civilian employees. For example, older persons monitor police radio, take messages, and handle telephone calls.

While the Nation's elderly have special needs which must be effectively addressed by the law enforcement and criminal justice community, they can also make a significant contribution. The Law Enforcement Assistance Administration plans to continue to encourage projects aimed at senior citizens.

ITEM 2. LETTER AND ENCLOSURES FROM DOUGLAS P. WHEELER, EXECUTIVE VICE PRESIDENT, NATIONAL TRUST FOR HISTORIC PRESERVATION, TO SENATOR FRANK CHURCH, DATED DECEMBER 29, 1978

DEAR MR. CHAIRMAN: The National Trust for Historic Preservation in the United States is pleased to submit these comments concerning the effect of revitalization of neighborhoods on older persons.

As you undoubtedly are aware, the National Trust is a charitable, educational, and nonprofit corporation chartered by act of Congress in 1949 (16 U.S.C. Section 468 et seq.) to further the historic preservation policy of the United States and to facilitate public participation in the preservation of sites, buildings, and objects significant in American history and culture. Accordingly, the National Trust is committed to the conservation and revitalization of our Nation's neighborhoods through means which are sensitive to the circumstances of older residents.

Through the National Trust's involvement with its over 2,000-member and other private preservation-related organizations we have recognized that, in varying degrees, private revitalization of urban areas is underway in virtually every major city in the United States. The current unprecedented demand for housing in older urban neighborhoods has been caused by the major population phenomenon of the "baby boom" generation (peak birth years 1947-57) reaching home buying age and flooding the housing market. We believe that, in most respects, revitalization of center city housing and a reversal of the flight to the suburbs are beneficial movements. These trends give rise to new hope that our cities will regain preeminence as the cultural and economic centers of American life. The challenge to preservationists, neighborhood advocates, and government officials is to utilize this unique opportunity to revitalize our cities while cushioning the impact this activity will have on low- and moderate-income people and the elderly, who, in many instances, are similarly affected.

Initially, most of the revitalization of cities centered in historic districts or historic areas not yet designated historic districts. Several interrelated reasons accounted for this. Action by preservationists in historic districts often eliminated blighting influences such as threat of highways or urban renewal, inappropriate zoning, negative public image, and poor municipal services. In addition, preservation itself became a major component in the revitalization movement as conservation techniques such as historic designation and historic

district zoning to preserve and improve neighborhoods were adopted and utilized. Overall, our experience has demonstrated that both new and long-term residents have recognized that historic preservation helps insure a positive future for their neighborhoods. It must be realized, however, that the successful revitalization of urban historic districts was as much a manifestation of increasing housing demand as it was the result of the historic status of those areas. As evidence of this, historic designation has often followed other private revitalization activity rather than preceded it.

Because it is uncertain how many elderly persons live in historic districts, the specific effect of neighborhood revitalization on older residents is difficult to evaluate. It is obvious, however, that potential negative effects include higher taxes as assessments rise, real estate speculation, and high rates of property turnover. Those who rent are typically more severely affected as property values increase.

Yet, revitalization can benefit older residents in significant ways. Specifically, revitalization can mean improved property values for elderly homeowners whose homes are often their principal assets. In this regard, the development of alternative mortgage instruments such as the reverse annuity mortgage may allow older homeowners to capitalize upon the increasing value of their homes. Other benefits of revitalization include improved municipal services, reduced crime, and a corresponding willingness of many elderly people to end a self-imposed isolation which is one of the products of unstable neighborhoods.

In order to mitigate the displacement problem, we suggest that a strategy of dispersing the housing demand among as many neighborhoods as possible be adopted, seeking steady, carefully paced revitalization activity. This strategy should reduce the incidence of speculation and displacement that result when excessive demand is focused on just one or two areas of a city. By spreading out housing demand, such demand can be better accommodated through vacancies and normal market turnover, thus avoiding skyrocketing prices. Programs such as that of Boston's Parkman Center to inform potential homeowners about overlooked neighborhoods should be replicated elsewhere. Additionally, to effect the dispersment of housing demand, more neighborhoods should be given recognition and protection on local, State, and national registers. In this regard, the plan of the Heritage Conservation and Recreation Service of the Department of the Interior to include "Neighborhoods" as a category eligible for listing in the National Register of Historic Places should be implemented.

Further, it is essential that government programs be employed to provide housing assistance to low- and moderate-income residents, including the elderly, in revitalizing neighborhoods. Programs such as Neighborhood Housing Services and the Department of Housing and Urban Development's Neighborhood Strategy Areas should be utilized to help both homeowners and renters. New approaches specifically directed to the elderly should be explored, such as Detroit's Maintenance Central for Seniors. In this program HUD Community Development Block Grant funds and the Department of Health, Education and Welfare Older American funds are used to provide free home maintenance and repair services to persons age 60 and older.

If government housing resources are efficiently and creatively employed, then low- and moderate-income persons, including older persons, could receive public assistance to improve their housing while other homes in neighborhoods are restored through private means. Such public programs could thus supplement and support existing private neighborhood revitalization activity.

Through a combination of private investment and public incentives, innovative projects involving adaptive reuse of older, often historic buildings, as described in an article entitled "When a Factory Is a Home" in the October-December 1978 issue of the National Trust's magazine *Historical Preservation* (enclosed,) are providing housing for older people on fixed incomes. Formerly unused hotels, factories, schools, and other buildings have been converted to multi-unit housing. The older residents are able to remain in their neighborhoods with a newfound feeling of personal safety and dignity.

We believe local governments must mitigate the hardships that property taxes may impose on elderly homeowners when revitalization occurs. The National Trust has compiled an annotated list of property tax statutes that offer relief for historic properties. The committee may wish to use this enclosed list to identify laws that deserve further study.

We believe that the private nonprofit sector can play a vigorous role in developing and implementing effective housing and neighborhood conservation strat-

egies. To get out the word about neighborhood conservation techniques, the National Trust, supported by a grant by the National Endowment for the Arts, has embarked on a program to provide basic, practical information to nonprofit citizen organizations. Our new neighborhood office now publishes a bimonthly newsletter, *Conserve Neighborhoods*, which we have enclosed. *Conserve Neighborhoods*, sent to more than 2,000 neighborhood groups focuses specifically on the needs of citizen organizations, identifying available public and private resources, describing useful conservation techniques and providing ideas for neighborhood projects. The first issue included a supplement, "Bibliography for Neighborhood Leaders," citing books and pamphlets on such topics as public relations, fund raising, and zoning.

Recently the National Trust awarded two national preservation revolving fund loans to support local programs that assist low- and moderate-income families while accomplishing preservation objectives. A loan to Neighborhood Housing Services, Inc., in Anacostia, a black, working-class neighborhood in Washington, D.C., will expand its program to provide low interest home improvement loans. Savannah Landmark Rehabilitation Project, Inc., will use its National Trust loan to purchase houses in the Victorian District and plans to take advantage of several HUD housing programs to refurbish and rent these houses to low-income residents.

Other National Trust programs are supporting neighborhood conservation. For example, a consultant service grant provided funds for a study of displacement in the Fox Pointe neighborhood of Providence, R.I. The cosponsored conference program has supported several neighborhood conferences, including a recent neighborhood revitalization conference in Houston.

The National Trust, speaking for preservationists in the private sector, shares with the Congress a commitment to the goal of neighborhood revitalization which benefits older residents. We appreciate this opportunity to express our views on this subject. If the National Trust can be of any further assistance, please call on us.

Very truly yours,

DOUGLAS P. WHEELER.

Enclosures.

#### STATE AND LOCAL HISTORIC PRESERVATION TAX STATUS

A number of States and municipalities now offer relief for privately owned historically or architecturally significant properties from real property or income taxation, in addition to the more traditional property tax exemption granted historic properties owned by nonprofit organizations such as historical societies. These measures encompass relief ranging from complete or partial exemption from property taxes to States income tax deductions similar to those found in section 2124 of the Federal Tax Reform Act of 1976.

#### PROPERTY TAX RELIEF

##### *I. Exemption From Property Tax*

##### *A. States*

*Alaska Statutes* section 29.53.025(b)(2)(c) (Supplement 1977) provides that municipalities may, by ordinance ratified by popular vote, totally or partially exempt residential property from real property taxes. The exemption may not exceed \$10,000 for any one residence, and may benefit historic sites, buildings and monuments.

*New York General Municipal Law* section 96-a, which authorizes the creation of local landmark and historic district commissions, and the resignation of significant structures, provides that any controls imposed under these local ordinances that constitute a taking of private property must be offset by due compensation, which may include the limitation or remission of taxes.

*Puerto Rico Laws Annotated*, title 13, section 551 (1969) offers a complete exemption from property tax for up to 10 years for structures that have been completely improved or restored and are located in the San Juan historic district. Partial restoration, which includes restoration of the facade, vestibule and main staircase, earns a 5-year exemption.

*Texas Revised Civil Statutes* article 7150(i) (1977), enacted pursuant to a 1977 amendment to the State constitution, authorizes municipalities to exempt from property tax all or part of a historic structure, and the land necessary for its access and use, if the structure is: (a) designated as a Recorded Texas His-

torical Landmark by the Texas Historical Commission and by the governing body of the taxing unit; or, (b) designated as a historically significant site under an ordinance adopted by the governing body of the taxing unit and is in need of tax relief to encourage its preservation.

### B. Municipalities

*Oyster Bay, New York* landmark preservation ordinance, section 23-9 provides that properties designated by the town board as landmarks, landmark sites, or as within a local historic district are eligible for reimbursement of the general town tax; the building, zoning and Memorial Day assistance tax; and the highway tax.

*New York City Code* chapter 8A, section 207-8.0(b)-(e) authorizes the board of estimate, upon the recommendation of the Landmarks Preservation Commission, to grant designated property a full or partial exemption of property taxes when the property's failure to earn a "reasonable rate of return" would otherwise require granting permission to demolish a structure on the property.

## II. Credit Against Property Tax

*Maryland Annotated Code* article 81, section 12G (Supplement 1977) authorizes each county to allow as a credit against local real property tax up to 10 percent of owners' maintenance and restoration costs on properties in locally designated historic districts. The law also authorizes a tax credit of up to 5 percent of the expenses incurred in constructing buildings that are architecturally compatible with the district in which they are located. Both credits may be spread over up to a 5-year period.

*New Mexico Statutes Annotated* sections 4-27-4 to 4-37-18 recognize as a credit against local city, county, and school real property taxes the cost of restoring or maintaining historic buildings that are listing on the State register of historic places with the written consent of the owner and that are available for educational purposes. Continued allowance of the credit rests upon approval by a State review board of all restoration, preservation and maintenance plans. Expenses incurred in 1 year may be carried forward for tax purposes for up to 10 years.

## III. Abatement of Property Tax

### A. States

*Arizona Revised Statutes* section 42-139 (Supplement 1977) authorizes, under a schedule of different assessment rates for separate classes of property, the assessment of historic property at 8 percent of its actual cash value for a 15-year renewable term. To qualify for this special rate, property must be listed on the National Register, be available for public visitation at least 12 days a year and must be maintained in accordance with standards of the Arizona State Parks Board. The owner must also agree not to use the property for profitmaking purposes, nor to charge an admission fee greater than is necessary to offset the building's maintenance or restoration expenses. Disqualification subjects the owner to a tax penalty of either half the reduction in taxes obtained or half the property's fair market value, whichever is less.

*Connecticut General Statutes Annotated* section 12-127a authorizes municipalities to abate, in whole or in part, real property taxes on historically or architecturally significant structures if "the current level of taxation is a material factor which threatens the continued existence of the structure." The determination of significance is to be made by the municipality or by a local private preservation or architectural group selected by the municipality. All abated taxes must be repaid by the owner if the structure subsequently is demolished or remodeled and thereby loses its significance. The Connecticut Legislature is required to reimburse municipalities for property tax revenues lost on account of this abatement.

*North Carolina General Statutes* section 105-278 provides that property designated as "historic" under local ordinances shall be taxed on the basis of 50 percent of the property's value upon annual application of the owner. Disqualification for this benefit, such as by an incompatible alteration that causes loss of designation, but not by change of ownership or use, requires the owner to pay back all taxes saved for the prior 3 years plus interest accumulated.

*Oregon Revised Statutes* sections 358.475 to 358.565 allow owners of properties listed on the National Register and open to the public at least once a year to receive a freeze on their assessment for 15 consecutive years at the true cash value of the property at the time of initial application. Eligible property owners

must agree to maintain their properties according to standards of the State historic preservation officer. Loss of this special assessment triggers the recapture of all tax savings plus a penalty of 15 percent of those savings. No applications for special assessment may be made after December 31, 1979.

#### B. Municipalities

*Austin, Texas City Code* sections 32-49 to 32-55, enacted in 1978 pursuant to an amendment to the State constitution, offer a partial abatement from ad valorem taxation for all structures designated historic landmarks under the city's historic zoning ordinance. Qualifying properties used exclusively as residences or owned by nonprofit organizations shall, upon annual application of their owners, be granted exemptions for 100 percent of the assessed value of their structures and for 50 percent of the assessed value of the portion of the surrounding land found reasonably necessary for the structure's access and use. All other qualifying properties shall be granted exemptions for 50 percent of their structure's assessed values and for 25 percent of the surrounding land's assessed value. If the historic property is rezoned by the city, the owner is liable for all taxes saved during the prior 3 years.

*Code of Brookhaven, New York* section 85-63R authorizes taxpayers whose property is situated within a locally designated district or within 500 feet of the district to receive a limitation or remission of their property taxes in an amount calculated to compensate them for any added costs in maintaining their property in accordance with the standards of the historic district.

*Petersburg, Virginia Historic Zoning Regulations*, section 4 provides that the city board of equalization may, upon the recommendation of the board of historic review, grant a reduction in the assessment of the designated landmark structures. To qualify for this benefit, the owners of such structures must agree, by written contract, to maintain the structures in good condition.

#### IV. Assessment Based Upon Actual Use

*California General Government Code* sections 50280-50289; *California Revenue and Tax Code* sections 439-439.4 and *California Public Resources Code* sections 5031-5033 were amended in 1977 pursuant to article XIII, section 8 of the State constitution and provide that owners of qualifying historic properties may have their assessments based upon their properties' current uses rather than their highest and best uses. A capitalization of income method is used for this valuation. To qualify, properties must be listed either on the National Register, the State historic properties register, or on a city or county register. In addition, the property owners must enter into 20-year renewable contracts with their city or county governments. These contracts typically require the properties to be preserved and maintained, restrict their use and require their "visual accessibility" to the public.

*District of Columbia Code Annotated* sections 47-652 to 47-654 specify that eligible historic property shall be assessed at its current use value if that value is lower than its fair market value. To qualify for this benefit, the property must be designated by the Joint Committee on Landmarks of the National Capital Planning Commission, and the owner must sign a 20-year covenant guaranteeing the property's maintenance and preservation. Failure to abide by this covenant causes the imposition of a sizable tax penalty and recovery of the tax savings.

*Louisiana Act 572 of 1977* grants an actual use assessment to properties 50 years or older that have been designated as landmarks by State or local jurisdictions and whose owners have signed agreements imposing maintenance and use restrictions on the properties. These agreements, which are renewable every 4 years, require owners at a minimum to forego all commercial uses of the properties and to devote them to their traditional uses or use as museums. The owners must guarantee the properties' architectural character for at least 10 years, and may be required to undertake restoration or rehabilitation. Violations of these agreements will trigger the recovery of property taxes saved during the prior 4 years.

*Nevada Revised Statutes* sections 361A.170 to 361A.280 provide that open space property shall be assessed at 35 percent of its full cash value for open-space use. For the purposes of this statute, real property used for open space purposes includes lands upon which are situated designated historic sites.

*Oregon Revised Statutes* sections 308.740-308.790 authorize the assessment of open space land at its actual use value in order to reduce economic pressure

and present the forced conversion of such land to more intensive uses. "Open space" is defined as any land area whose maintenance in its present condition and use will preserve historic sites.

*Virginia Code Annotated* sections 58-769.4 to 58-769.16 provide that certain qualifying land shall be assessed as open space in order to counter economic market pressures that might otherwise force its more intensive development. "Real estate devoted to open-space use" is defined to include land used for historical purposes under uniform standards prescribed by the Director of the Commission of Outdoor Recreation.

*Washington Revised Code Annotated* sections 84.34.010 to 84.34.921 authorize procedures for the separate assessment for property tax purposes of open-space land, which for this purpose is defined to include any land whose preservation in its present use would preserve historic sites.

#### V. Deferral of Increase in Assessment Due to Rehabilitation

*District of Columbia Code* section 47-651 authorizes the District of Columbia to defer for up to 5 years any increase in the assessed value of a designated historic property resulting from rehabilitation or new construction. The District government has not implemented this provision.

*Maryland Code Annotated* article 81 authorizes Allegheny County (see section 9C(b) (4) of article 81) and Washington County (see section 9C(u) of article 81) to exempt by ordinance structures within locally designated historic districts from increases in their assessments caused by structural improvements. The exemption declines over a 5-year period from a 100 percent exemption the first year to a 40 percent exemption the fifth year. Thereafter, all improvements made during that 5-year period are added to the assessed valuation. Neither county has adopted this legislation.

#### VI. Assessments To Reflect Encumbrances on Property

A. A number of States that have enacted statutes validating facade and scenic easements for historic preservation purposes have mandated, at the same time, that property tax assessors must take into account the effect of easements in determining property assessments. These States are the following:

*Colorado Revised Statutes Annotated* section 38-30.5-109 (Supplement 1976).

*Connecticut General Statutes Annotated* section 7-131b (open space easements only—owner entitled to revaluation).

*Georgia Facade and Conservation Easements Act of 1976*, Public Law No. 1280, 1 Statutes 1181 (1976) (owner entitled to revaluation).

*Illinois Municipal Code* section 11-48.2-6 (easements acquired by governmental bodies only).

*Oregon Revised Statutes* section 271.710 to 271.750 (1967).

*Virginia Code Annotated* section 10-155 (1974).

B. State statutes requiring the property tax assessor to consider, for the purposes of tax assessments, the effect of designations by State or local historic preservation commissions or the effect of recorded preservation restrictions on such designated properties, are the following:

*North Carolina General Statutes* section 160A-399.5 (6) (1976).

*South Dakota Compiled Laws Annotated* section 1-19B-25.

*Virginia Code Annotated* sections 10-139, 10-140 and 10-142.

*West Virginia Code* sections 8-26A-1 to 8-26A-5.

C. *Colorado Revised Statutes Annotated* section 39-1-104(5) forbids local tax assessors from increasing the assessed valuation of property on the basis of its inclusion in the State register of historic places.

#### INCOME TAX RELIEF

*Maryland Annotated Code* article 81, section 281A (Supplement 1977) enacts for the purposes of State income taxes the tax incentives for historic preservation passed by Congress in section 2124 of the Tax Reform Act of 1976.

*Puerto Rico Laws Annotated* title 13, section 3022(26) (Supplement 1974) exempts from gross income for income tax purposes all rental income from the lease of buildings in the historic zone of San Juan and in any other historic zone established by the Institute of Puerto Rican Culture.

Many State statutes now offer tax relief for activities and in instances that implicitly, rather than explicitly, benefit historic structures. Listed below are a sampling of these statutes.

## PROPERTY TAX RELIEF FOR REHABILITATION OR RENOVATION

*A. States*

*Colorado Revised Statutes* section 39-5-105 States that any rehabilitation or modernization commenced on or after July 1, 1976 to a residential structure of 3 units or less and more than 30 years old shall not be taken into account in determining the assessment of the structure for the 5 tax years immediately following completion of the work. Rehabilitation and modernization, for the purposes of this statute, do not include room additions; the conversion of patios, porches, or garages into living areas; the addition of outbuildings; or a change in the structure's use.

*Illinois Revised Statutes* chapter 120, section 500.23-3, known as the Illinois Homestead Improvement Act, offers a tax exemption for private home improvements, limited to \$15,000 in actual value, occurring in counties of 1 million or more in population (Cook County only). The exemption is limited to properties owned and used exclusively for residential purposes, and requires a showing that the increase in assessed value for which the exemption is claimed is attributable solely to the structural improvements. The exemption may be spread over a 4-year period for tax purposes.

*Rhode Island Laws of 1966*, chapter 15 authorizes the providence tax assessor to abate, for a period of 5 years, any increase in tax assessment resulting from alterations and improvements to existing dwellings that are used exclusively for residential purposes. Alterations and improvements must be completed within 2 years of their commencement. For structures not used exclusively for residential purposes, the increased assessment is apportioned and the abatement benefits only that part used for residential purposes. This statute, which as enacted applied to alterations and improvements commenced between June 1, 1966 and June 1, 1968, has been extended several times and is still in effect.

*Virginia Code Annotated* sections 58-759.1 and 58-759.2 provide that rehabilitated residential structures of 30 years in age or older, and rehabilitated commercial or industrial structures of 45 years in age or older, shall be separate, special classifications for determining applicable property tax rates. These classifications shall be in effect for 10 years following the start of rehabilitation work on these structures. Residential structures shall be deemed "rehabilitated" only if that portion of the structure 30 years old or older has been improved to an extent increasing its appraised value by at least \$5,000. Commercial or industrial structures shall be deemed "rehabilitated" only if that portion of the original structure 45 years old or older has been improved to an extent increasing its appraised value by at least \$25,000 or more.

*B. Municipalities*

*Utica, New York Code* section 4.340 grants the planning board the right to permit tax relief not to exceed 20 percent of the assessed value of improvements to a building or structure that is undergoing renovation, remodeling, rehabilitation, or new construction.

## INHERITANCE TAX RELIEF

*Maryland House Bill 275*, passed by the 1978 session of the Maryland General Assembly, provides that land used for farming purposes at least 5 years preceding, and 5 years following, the owner's death shall be taxed for inheritance tax purposes at its current use value, rather than at its fair market value.

Prepared by Gregory E. Andrews, attorney, Office of Real Estate and Legal Services, National Trust for Historic Preservation.

[From Historic Preservation, October-December 1978]

## WHEN A FACTORY IS A HOME

(By Margaret Opsata)

Ever since Mildred Aird's purse was snatched and her car was vandalized several years ago, the spry 73-year-old has placed a high premium on her security. A long-time resident of Wilmington, Del., she refused to move away from the center city area she calls home—"I'm just emotional and sentimental about this town," she says. Instead, she abandoned her dream of retiring at the usual age and continued working full time to afford the rent on an apartment where she feels relatively safe. "I'm a nurse," she explains, "and nursing is

strenuous at my age. Being on my feet for 7 hours at a stretch took all my pep, but I couldn't see any other choice." She tried not to think about what might happen if she became unable to work.

Then, 3 months ago, her future suddenly brightened. She was able to retire, to stay in her beloved neighborhood and to continue feeling secure in her surroundings. She gave up nothing except financial worries. What made all this possible? Mildred Aird became a resident of Brandywine House—a 19th-century building that was recently renovated to house the elderly in Wilmington's inner city.

She makes one low monthly payment of \$195 and receives three meals a day, a private room in the house, a semiprivate bath and full use of the communal areas (living room, dining room, sitting room, kitchen and laundry). Her rent includes all utilities and services of a part-time cook/housekeeper. Although Mildred Aird is not particularly concerned with the broader ramifications, preservationists and city planners are impressed that the rent paid by the nine residents of the house also provides for debt reduction on the Federal loan that made the project possible.

Because it is self-sufficient, Brandywine House is an especially interesting example of a new dimension in preservation: adoptive use rehabilitation in urban areas to provide housing for older people on fixed incomes. Around the country a growing number of projects are creating living units for the elderly from outmoded houses, hotels, factories, commercial properties, schools, convents, and even a prison.

Four years ago Brandywine House was a vacant, badly vandalized double house, built about 1892, that had deteriorated to an eyesore. It is located in Brandywine Village, which was founded in 1637 and is listed in the National Register of Historic Places. In 1974 the Junior League of Wilmington undertook a study of community problems in the neighborhood and found that there was no housing for older people of modest means capable of independent living if they had support services. The junior league bought the abandoned property for \$20,500 and deeded it to the Wilmington Senior Center, a nonprofit United Way agency. In turn, the senior center applied for renovation funding through the city, under the community development block-grant program established by the Housing and Community Development Act of 1974, and received an interest-free, 35-year loan of \$41,000. Design services for the renovation work were provided by Group Four, Inc., with Peter C. Anderson as the project architect. Neil H. Davis of Acorn Construction, Ltd., was the renovation contractor. The junior league and a local church made grants to furnish and decorate the communal living areas. Residents are responsible for furnishing their own rooms. The senior center handles the minimum administrative details of the house as part of its community commitment. Brandywine House opened at the end of April 1978.

When a facility like Brandywine House does not exist, the fixed-income elderly face bleak housing options: coping with house ownership, subsisting in a cheap apartment, accepting public housing, moving in with relatives, or prematurely entering a nursing home.

At today's market prices an older person with limited resources simply cannot afford to buy a house. For those who purchased houses when they were younger, daily life becomes lonely and increasingly difficult. Too often, such property is situated in once-prosperous areas that are deteriorating. There can be constant fear of muggers, vandals, robbers, and cruel pranksters. At the same time, there are never-ending financial worries about rising taxes, unexpected assessments, and mounting repair bills. As the years pass, the older homeowner becomes less physically able to meet the responsibilities of ownership—shoveling snow, mowing the lawn, painting, and other maintenance chores.

Relatively low-priced apartments can be rented in virtually every metropolitan area, but the majority are drab and poorly maintained. The building owners are often unconcerned about making repairs or improvements, and the units almost certainly were not designed with the needs of the elderly in mind. Stairs are likely to be dangerously steep, hallways badly lighted, security almost nonexistent. Even so, the rent payment may take a large chunk out of a monthly pension check, leaving very little for food and other necessities. Elderly tenants become increasingly isolated because their budgets limit their reasons for leaving the apartment and because their fear of crime is so great. "People pick on our age," Mildred Aird says. "I thought when you had gray hair, they'd be real kind and gentle, but they just go after you."

Today 22 million Americans are over the age of 65; the number will pass 40 million by the year 2000—and those who are concerned about housing for this rising population are alarmed. In *Growing Old in the Country of the Young* (McGraw-Hill Book Company, 1974), Senator Charles H. Percy (R-Ill.) cites some disturbing facts: Nearly 90 percent of older Americans are capable of independent living, but only 3 million housing units designed for the elderly have been built, even counting all the houses in Sun Belt retirement communities. As a result, one-third of all older Americans are living in substandard conditions. In some urban areas as many as 80 percent of those over 65 are trapped in inadequate housing.

Those who are over 65 today were young adults during the 1930's. Most of them take pride in having survived that difficult time without accepting hand-outs or charity. Being moved into public housing makes such an older person feel humiliated and defeated, bringing back haunting memories from the depression years of "the dole" and "the poorhouse." In addition, they are usually forced to leave familiar neighborhoods and friends to become strangers among other strangers. Loneliness and the sense of isolation increase, and the fear of crime remains very high.

Living with relatives—another housing alternative—creates more problems than it resolves. The arrangement puts a strain on family relationships because both the older person and the younger ones are forced to give us a measure of their independence. Almost always the older person is uprooted from everything that seems secure and familiar. Further many new houses are not designed to accommodate an extra adult. The older relative may have to share a bedroom with a child or sleep on a sofa in the living room, with almost no opportunities for solitude or privacy. He usually feels he must "repay" the relatives generosity by babysitting and by building a life around everything the family has planned.

The final alternative—a nursing home—is necessary if an older person needs extended care but it is too often chosen for a healthy individual who has nowhere else to go. Last year, half a million people in good health were sent to nursing homes for this reason.

The problem is not new and, because housing is a tangible need, various private and public efforts have been undertaken to improve the situation. Many of these, however, have not considered the wishes of the elderly. A decade ago it was generally accepted among social agencies that a good solution in an urban area was to move older people to facilities where they could be surrounded by families. Another popular idea was to put them in apartment towers. But sociologists discovered that the majority of the elderly consider age integration and highrises to be undesirable, only accentuating what has been called a sense of loss of place.

Reaching the age of retirement forces several role changes on a person, including a loss of identity (one is no longer a productive member of society but only a faceless "senior citizen"), a loss of incentive (the goal of retirement has been reached, and what is next?) and a loss of economic status. Frequently, there is also the loss of friends (through lessened mobility) and the loss of a spouse (through death) to contend with. The personal freedoms that remain—a sense of place, and a sense of independence—become tremendously important.

Numerous surveys and studies have reached similar conclusions about the needs and preferences of older people. In their housing situation they want: (1) to stay in the community where they spent their younger years; (2) to be near others of their age; (3) to feel safe from crime; and (4) to live independently, with dignity. When they accept help from social agencies, they want it to be directed toward making these goals possible rather than toward being moved or being institutionalized.

Not only do the elderly themselves benefit from staying in their own neighborhoods, but their continued presence affects the community as a whole. They are far more likely to distribute their spendable income among local merchants than to journey outside the area to shop. If 1,000 people spend only \$85 a month in neighborhood stores, the annual total is more than \$1 million. When older people continue to take part in community decisionmaking, their self-esteem is elevated and the community gains from their input. Successful projects like foster grandparents, a part of Action's older Americans program, demonstrate that interaction between young and old on a one-to-one basis can be mutually rewarding. We may also conclude that the practice of moving an elderly person who has

been judged unable to live alone actually contributes to insensitivity about the realities of aging. Putting older people out of sight puts them out of mind.

It now appears that the most desirable place to rehouse the elderly is close to where they live (or where they lived until forced to move). Since so large a proportion of the fixed-income elderly are in older neighborhoods and downtowns, the most effective efforts are occurring in these areas. In 1977 the Los Angeles Community Design Center published *Recycling for Housing* for the Program of Retired Citizens (supported in part by the first National Trust Preservation Press Publications Grant). This study demonstrates that downtown buildings can be converted successfully to units for the elderly. Architects are discovering that the adaptive use of almost any large building or complex for housing is economically feasible as well as exciting from a design standpoint. Preservation planners support this trend, recognizing that such adaptations bring a two-fold benefit. Not only are the housing needs of older people being met, but also the progress of urban decay is being arrested. In the case of Brandywine House, for example, when the property was in disrepair, several neighbors had their insurance policies cancelled; when it was rehabilitated their policies were reinstated.

Housing older people in recycled buildings is a new concept that is only beginning to be tested. The early results, however, are enormously promising. Among the pioneer projects in this field are the following:

*Academy Knoll Apartments*, Malborough, Mass.: a parochial school and convent built in 1888, converted to 109 apartments for the elderly.

*Central Grammar Apartments*, Gloucester, Mass.: an 1889 surplus urban school building, to 80 units for the elderly.

*Cotton Mill Apartments*, Whitinsville, Mass.: a textile mill built in 1845, to 55 apartments for the elderly.

*Francis Gatehouse Mill*, Lowell, Mass.: a 19th-century shoe factory, to 90 units for the elderly.

*Franklin Square House*, Boston, Mass.: the St. James Hotel, built in 1868, to 193 apartments for the elderly.

*International Hotel*, San Francisco, Calif.: a hotel built in 1874, considered for rehabilitation as a block of units for the elderly. A coalition of community groups has been awarded a consultant service grant from the National Trust for preliminary planning.

*Olde Windsor Village*, Windsor, Vt.: the former Vermont Maximum Security State Prison, built in 1850 and used until 1975, to 65 units for the elderly and 10 family apartments.

*Pacific Telephone Building*, Los Angeles, Calif.: conversion to 310 apartments for the elderly with a medical support facility on the premises.

*St. Mary's Convent*, Cambridge, Mass.: a turn-of-the-century convent, to 39 units for the elderly.

*The School*, New Britain, Conn.: an 80-year-old former high school, to 127 apartments for the elderly.

*Stackpole Mill*, Lowell, Mass.: a 19th century factory, to 42 units for the elderly.

*Stephen Palmer Apartments*, Needham Mass.: an elementary school built in 1914, to 28 apartments for the elderly.

*The Tannery*, Peabody, Mass.: a tannery complex, built between 1814 and 1920 and once the estate of the Crowninshield family, to 284 apartments for the elderly. A second phase to provide an additional 173 apartments is now under construction.

*Vulcan Shoe Factory*, Stoughton, Mass.: a factory built about 1850, to 69 units for the elderly.

*Whitcomb Towers*, St. Joseph, Mich.: a luxury spa-hotel, built in the 1870's, destroyed by fire and rebuilt early in this century, to 140 units for the elderly.

Each of these conversions was carried out at a cost comparable to or lower than the cost of demolition and new construction. During the Central Grammar School renovation in Gloucester, Mass., for example, a new highrise for the elderly was being constructed only a few blocks away on the site of another old school that had been torn down. Since the gross floor space in the two buildings is the same (72,500 square feet), the two projects can be contrasted. A single apartment unit in Central Grammar cost 12 percent less to build and has 50 percent more space. The new highrise took 18 months to construct and several more months to rent; the renovation was completed in only 10 months and all units were rented within 12 days.

The Central Grammar Apartments, an award-winning design by the Boston architectural firm of Anderson Notter Finegold, Inc., illustrates the concept of adaptive use. Since the structure was sound, the exterior walls, wide hallways, and many classroom partitions could be utilized. Additional living space was created from the basement, previously unfinished attic, gymnasium, and auditorium areas; a portion of the roof was cut back to create outdoor balconies; some ground floor windows were lowered to become doorways; wide hallway corridors were kept as an amenity. Wherever possible the original architectural elements such as oak wainscoting and trim, bookcases, and paneled closets were retained and incorporated into the new design. The design concept is built around a standard classroom, which converts into an ideal, large, one-bedroom apartment for an elderly resident. The result is a building that still looks like a school from the outside, but offers homey comfort in each apartment. Anderson Notter Finegold, Inc., were also the adaptive-use architects (and in some cases architect/developers) for Academy Knoll, Olde Windsor Village, The School in New Britain, Stephen Palmer Apartments and The Tannery.

Until now the majority of projects has been located in Massachusetts, where the Massachusetts Housing Finance Agency facilitates the creation of rental housing by making mortgage loans to nonprofit and limited-dividend developers. A growing number of proposals for adaptive-use housing is coming from other parts of the country. For example, Senator Charles Percy, a long-time champion of the elderly, has suggested that colleges consider the possibility of converting unused dormitories to this purpose as student tenancy drops.

As the cost of new construction mounts, the practice of recycling old buildings for the elderly will become more widespread. But time is of the essence. In 1971 the White House Conference on Aging recommended that a minimum of 120,000 new units to house the elderly be built every year, yet this modest goal has never been achieved. Meanwhile, the number of people turning 65 and the percentage of them on fixed incomes are increasing.

Urban renewal projects and preservation activities should include plans to create adaptive use housing for the elderly wherever possible. Buildings that have outlived their original functions should be considered for their potential as elderly housing. Interested organizations should become familiar with the Federal funding programs that are available for this purpose, including U.S. Department of Housing and Urban Development (HUD) section 202, which makes direct loans for financing new or rehabilitated housing facilities for the elderly and handicapped; HUD section 8, which grants rental subsidies for eligible older tenants, making more facilities accessible to those on fixed incomes; and HUD section 106b, which lends up to 80 percent of preliminary expenses such as land options and architectural fees.

Preservation means not only saving landmarks but also rehabilitating any building from the past that has value to the present and future. With this goal in mind, more of the hundreds of thousands of older Americans for whom the golden years are now a tarnished nightmare will be able to live out their lives in the comfort and dignity that every human being deserves.

